How shippers size up second-half '74

July 29, 1974

RAILWAY AGE

For Reading, no "bankruptcy" in L&D performance

Short trains, long trains: Pro and con

Terminal efficiency: No "impossible dream"

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July 29, 1974

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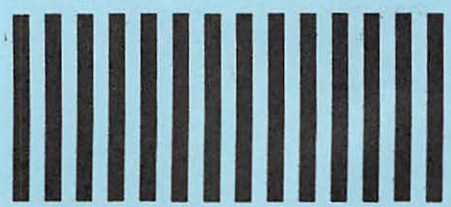

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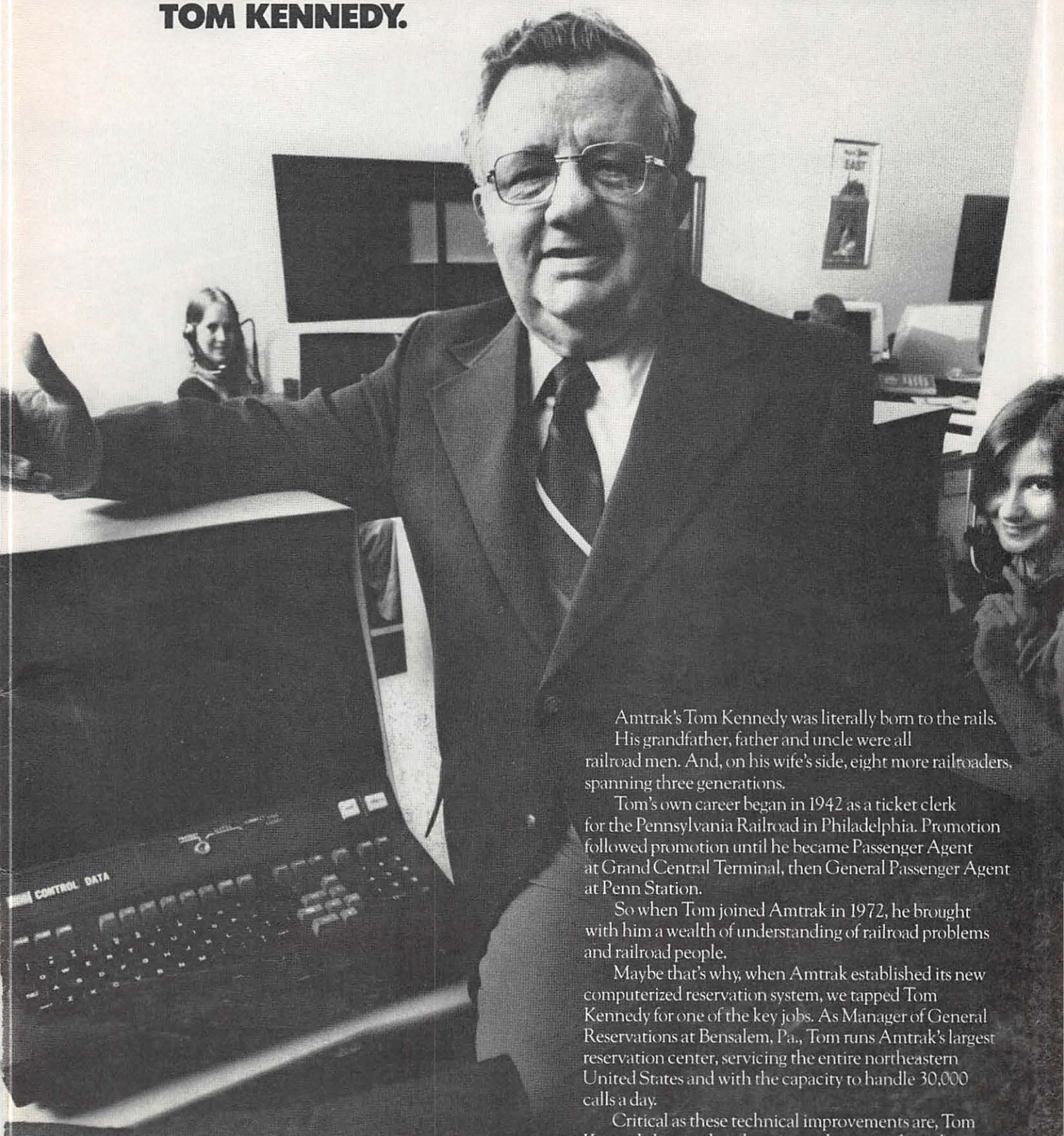

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Inside

LUTHER S. MILLER

ANY WAY YOU FIGURE IT...

There are two principal ways by which railroads figure their profitability. One expresses the relationship between net railway operating income and depreciated net investment. In 1973 these figures, respectively, were $858.7 million and $27.9 billion, and the rate of return was 3.08%.

Another expresses the relationship between ordinary income and net worth (which represents the excess of assets over liabilities and is equivalent to the book value of capital stock and surplus, sometimes referred to as shareowners' equity). In 1973 these figures, respectively, were $555.2 million and something over $16 billion; the rate of return on net worth was 3.4%.

Anyway you figure it, railroads have been, in recent years, at or near the bottom of any profitability list. In 1972, the most recent year for which comparable figures are available, railroads ranked No. 69 in a list of 70. Soft drinks ranked No. 1 with a 22.4% return on net worth; common carrier trucking No. 4 with 19.4%; even the depressed air transport industry managed a 6.6% return and qualified for the No. 66 spot. Only investment funds, with a return of 2.5%, came in below the railroads' 3%. Service industries as a group had a return of 12.9%, manufacturing 12.1%, public utilities 10.6%.

What is a "fair" return for railroads? For many years, 6% was a much sought after goal (and not one to be scoffed at: only once in the last 20 years has the railroad rate of return exceeded 4%; twice it has dropped below 2%). More recently studies have indicated that a return no lower than 10% will be required to attract necessary investment capital into the industry.

Now comes A.L. Stott, chairman of Burlington Northern's finance committee (and retired comptroller of AT&T), with the bold suggestion that 10% may not be enough. Mr. Stott's startling and eminently sensible views on the most critical question confronting the railroad industry today are reported in the article beginning on p. 24.

SHORT TRAINS; L&D PREVENTION; THAT 10% HIKE; ETC.

Nearly everything that we publish in this magazine has to do, in greater or lesser degree, with railroad profitability. Consider the story mix in the current issue.

—Are short trains more economic, in the long run, than long trains? Results of a research study undertaken for the American Association of Railroad Superintendents are reported in the article beginning on p. 36.

—On the wealthiest, best-maintained, best-equipped railroads L&D is a serious problem. For the bankrupts, the L&D picture must be close to disastrous. Right? Wrong. See p. 18.

—Terminal inefficiency, like death, taxes and Watergate, is something that will always be with us. Right? Wrong again. See p. 28.

—Will railroads lose considerable amounts of business to other modes as a result of the 10% rate increase? Eighty shippers speak for themselves, p. 32.

—One thing you surely can't put an economic yardstick to (in terms of dollar profits, anyway) is an employee-training program? Not so, says the Soo Line. Why Soo says that is related on p. 34.

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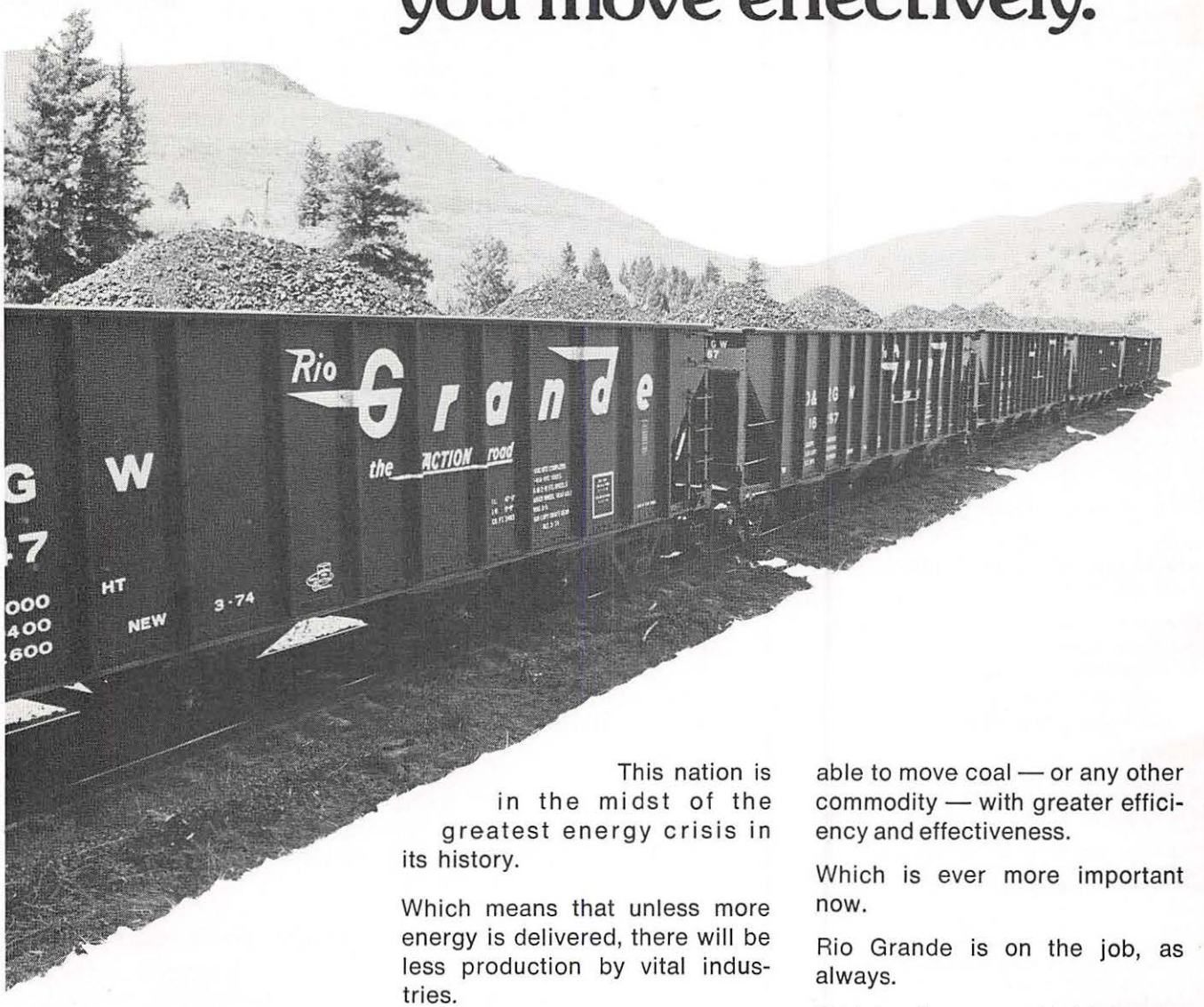

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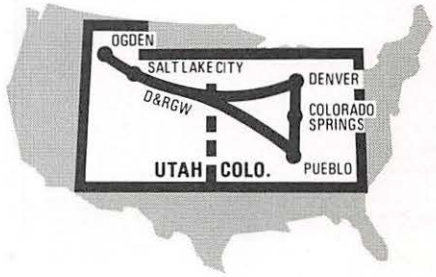

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RAILWAY AGE

JULY 29, 1974

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Short and Significant

256 COMPUTERS IN RAILROAD USE

The AAR's annual computer survey has now been completed—and it shows that as of June 1, 256 computers were being used by 79 railroads in the U.S. and Canada, by rate associations, and by the AAR itself. Biggest users are Canadian National (23), Penn Central and Southern Pacific (17 each), Chessie System (16), Santa Fe and Burlington Northern (12 each), and Union Pacific and Canadian Pacific (10 each). IBM supplied 173 of the total number, RCA/Univac 23, Honeywell 15, General Electric 11, NCR 8, Burroughs 7, Collins 6; other manufacturers, 13.

SOUTHERN STARTS AUTOGUARD SERVICE

The opening of Southern's new $1.5-million automobile-handling terminal in New Orleans was marked by the arrival of the first shipment of autos aboard the radically new Autoguard car. Autoguard is a three-unit, articulated, fully-enclosed car which can carry up to 18 standard-size autos (RA, Oct. 29, 1973, p. 48). Southern's New Orleans facility spreads over 14½ acres and has a staging capacity for 1100 automobiles.

ICC BEGINS GRAIN-CAR PROBE

The ICC has begun an investigation (Ex Parte No. 307) into practices which have allegedly created a "black market in grain cars." The investigation will focus on a pattern of conduct whereby certain grain companies are said to be obtaining export grain at lower prices than they would have to pay if the grain sellers could readily obtain freight cars directly from the railroads. The discounts allegedly are exacted in exchange for furnishing railroad-owned as well as privately-owned cars.

BOARD ADVISES SMWIA: SIGN

The Sheet Metal Workers' International Association, one of only two unions that balked at the March 1973 rail labor contract settlement, has been told by an emergency board that it should drop its opposition and accept the pattern. In its report, the board noted that the total package accepted by the other unions involved an increase of about 10% in net spendable income over the 1973-74 period, or an amount sufficient to keep members even with inflation. On the other hand, the board said, SMWIA's demand for a 16% wage boost and a cost-of-living escalator represented a package "considerably larger in magnitude" than the one accepted by "the overwhelming bulk of organized railroad employees."

BN'S "PORTRAIT" WINS AGAIN

For the fourth time in recent months, Burlington Northern's corporate film, "Portrait of a Railroad," has carried off a top award—this time in the documentary category at the international Venice Film Festival. Judges praised BN "for having permitted the director to express freely his artistic skill in creating a fresh and sincere work in which the silent eloquence of the scenes always shows the hand of man in the world of technology."

CP FORMS WASTE-DISPOSAL COMPANY

CanPac Waste Disposal Systems Limited has been formed as a wholly-owned subsidiary of Canadian Pacific Investments Limited to serve as "contractors to municipalities and industry throughout the country in the collection, transportation, disposal and recycling of waste material." H.M. Romoff is president of the new company.

UP BUDGETS $50 MILLION FOR TRACK

In its 1974 rail-replacement and track-maintenance program, Union Pacific will be spending about $50 million for installation of 133-pound welded rail in 275 miles of mainline track, installation of 133-pound rail in 45 miles of curves at various locations, replacement of 180 miles of branchline and 20 miles of yard and side tracks with relay 131- and 133-pound rail, insertion of 850,000 crossties and surfacing and lining of 1,800 miles of track.

SP WINS FREIGHT CAR TRUCK DESIGN CONTRACT

Southern Pacific Transportation System has received an $887,000 contract from DOT for development of new approaches to the design of freight-car trucks (suspension systems, brakes and wheels). The first phase of the SP study will take approximately ten months and will cover economic aspects and technical evaluations of existing trucks, as well as drafting of preliminary standards for improved equipment. Subsequent research will include a variety of laboratory, simulator and service tests leading to the development of firm performance standards and specifications. "The purpose of this study is to find ways to develop—from scratch—underbody systems that match precisely the heavier loads and changed operating conditions of modern railroads," FRA Administrator John W. Ingram said. "Projected increases in rail transportation demand, coupled with increased emphasis on improved safety, point toward the need for entirely new approaches in basic freight car truck design."

FMC Salutes Burlington Northern

The date: December, 1972. The Place: Spokane, Washington. The Moment: The completion of the $16.2 million Spokane line relocation. This Burlington Northern 4,260-foot-long structure, spanning Latah Creek, is just one of 11 bridges on the seven miles of new line. This first major merger-related project ties together the former lines of the Great Northern, Northern Pacific, and Spokane, Portland and Seattle railways in eastern Washington under the banner of Burlington Northern.

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USRA: Planning goes on as lawyers hassle

Railroad circles in Wall Street are buzzing with speculation that Penn Central is now surely headed for equity receivership. More and more, there is talk—much of it satisfied talk—of a "sale on the courthouse steps" at which the United States Railway Association would have to bid along with any other interested parties for a piece of the action.

But calm prevails at USRA headquarters at Buzzard's Point in Washington, at least in the room where the press releases are run off. Arthur D. Lewis, who finally won Senate confirmation as chairman of USRA early in July, is taking pains to emphasize that recent legal roadblocks threatening the carrying out of the Regional Rail Reorganization Act of 1973 will not put USRA off its timetable.

Lewis has been saying, in effect, that while the lawyers argue, and the speculators speculate, USRA is going to go about its business: "The work of the association will proceed expeditiously. The association expects the legal problems will be resolved so that the goals of the Act in maintaining a rail system in the Northeast and Midwest can be achieved."

This does not mean, of course, that while the planners plan, they are staying out of the legal arena.

USRA quickly appealed U.S. District Court decisions which would exclude Penn Central, Lehigh Valley, Lehigh & Hudson River, and Central of New Jersey from reorganization under terms of the Act. (USRA could still, presumably, acquire needed portions of these roads, though at a perhaps stiffer price than contemplated by Congress.) A special three-judge court composed of two circuit judges and one district judge will consider the appeal.

USRA also prepared to join in appeals to the Supreme Court to overrule a decision—handed down by a three-judge court in Philadelphia June 25—that certain parts of the act were unconstitutional because of a requirement that the affected railroads must continue heavy deficit operations.

USRA's Lewis again was careful to emphasize: "In their decision, the judges did not in any substantive way inhibit the association's planning process. In fact, the only part of the decision directly affecting current association activities was a ruling that prohibited the association from preventing some abandonments or discontinuance in service by bankrupt railroads during the two-year reorganization period."

So far, it has been ruled that only the Reading and the Ann Arbor could be reorganized under terms of the Act.

On July 12 USRA suited action to press release and announced the award of more than $640,000 worth of new planning contracts to six firms. Lewis observed that "the contracts illustrate the wide scope of considerations involved in meeting the goals set by Congress for the new system." They included:

—$270,673 to Temple, Barker & Sloan, Inc. of Wellesley Hills, Mass., "to prepare an analysis of present and projected traffic and revenues in the region through 1980. This forecast will be based on existing physical plants but will assume there will be adequate facilities for handling projected levels of demand."

—$94,857 to Consad Research Corp., Pittsburgh "to devise a method for estimating the impact of removal of rail service on a community, and to develop a set of criteria for use in identifying the viability of a given segment of the railroad system."

—$77,830 to Public Interest Economics Center, Washington, "to provide an overview analysis of the track abandonment problem, including its economic and social impact, and to develop a basic model relating rail abandonment to income and employment levels in affected communities."

—$74,994 to Harbridge House, Boston, "to study the present scope, quality and needs of rail passenger service in the region, along with analyzing short-to-medium distance corridors that could substantially benefit from improved high-speed service, particularly in the Northeast."

—$41,144, to Strong, Wishart & Associates Inc., San Francisco "to study the principal problems in assisting Conrail to begin a viable operation. The study will include making a comparison of Conrail's compatability to other major modes."

—$26,502 to Reebie Associates, Greenwich, Conn., "to assess the marketing, operating and investment problems and opportunities to be faced by Conrail, and to refine a rail cost model developed earlier by the company and to apply it to current Northeast railroad incremental operating cost data."

The story so far:

Jan. 2:

Regional Rail Reorganization Act of 1973 becomes law, designed to reorganize eight bankrupt carriers (Boston & Maine, Reading, Erie Lackawanna, Penn Central, Central of New Jersey, Lehigh Valley, Ann Arbor, and Lehigh & Hudson River) into one or more viable new systems.

Feb. 1:

The United States Railway Association is incorporated to carry out the Act.

May 2:

Judges decide Boston & Maine and Erie Lackawanna can be reorganized on a conventional basis under Section 77 of the Bankruptcy Act. Six candidates are left for the system, dubbed Conrail, for which USRA must have preliminary system plan by Oct. 29.

June 25:

Certain parts of the Act declared unconstitutional; appeals are prepared.

July 1:

Ann Arbor and Reading are declared to be eligible for reorganization under the Act—but judges handling PC, LV, CNJ and L&HR rule them out on basis the Act does not provide sufficient protection for creditors. Latter decisions are appealed to Special Court established by Act, from which there is no appeal. Decision expected Sept. 29.

Canadians await rail revamping

The future of the Canadian railroads was very much on the minds of politicians in the recent Canadian election. As the campaign neared its climax Prime Minister Pierre Trudeau promised a complete revamping of the nation's railroad passenger system, as well as changes in freight rate structure and improved car availability, if his Liberal government was reelected. On July 8 Trudeau was returned to Ottawa—reinforced this time with a majority in Parliament—but no action on his rail proposals can be taken until that Parliament sits on Sept. 26 and Trudeau has decided on his cabinet.

The changes Trudeau promised are sweeping: If elected, he said, he would rehabilitate the passenger trains as a preferred mode of travel—at present, 90% of all intercity trips are made by auto in Canada. To do this, the Liberals said they would purchase all Canadian National and Canadian Pacific passenger rolling stock for a single, Amtrak-like Crown corporation, which would then be responsible for all passenger service.

Cost of the program was estimated at $500 million over the next five years, plus whatever annual subsidy should be required. The federal government presently subsidizes 80% of the CN and CP passenger deficits, which together are running at about $120 million a year.

The $500 million would be used to upgrade and expand existing service, as well as purchase rolling stock, though it has been pointed out that rail officials are talking in terms of $300,000 each for the 1,900-plus cars and locomotives in their systems. At such prices little money would be left for improvements.

Besides integrating existing systems within the so-called Canadian Passenger Transport Corporation, the Liberals proposed the following projects:

—Corridor rail passenger service at speeds of up to 125 mph would be pushed in the Quebec City-Montreal-Toronto-Windsor corridor, with a link to the Atlantic provinces.

—A new rail line would be built between Montreal and Toronto, by way of Ottawa. By the 1980's, the Liberals said, Montreal-Toronto travel time on the new line would be two hours. The existing route, 10 miles shorter, would be left open for freight.

—A number of paired cities would get high-speed service, including Calgary-Edmonton, Regina-Saskatoon, and Vancouver-Chilliwack.

—Trans-continental excursion trains would supplement existing, faster service with "old-style luxury service."

—Greater emphasis would be placed on auto-ferry operations. *(Continued)*

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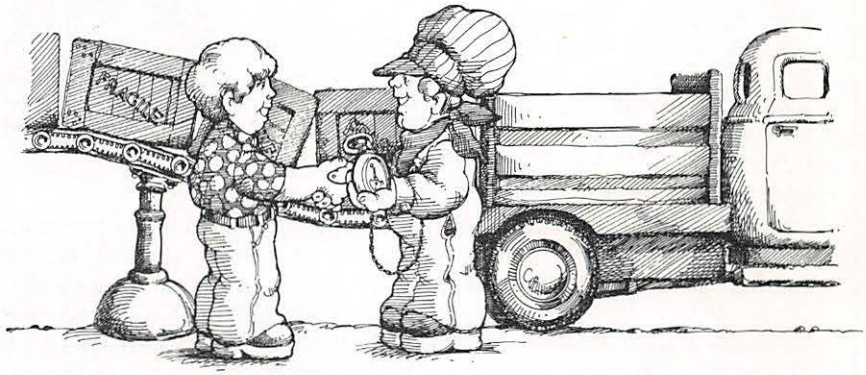

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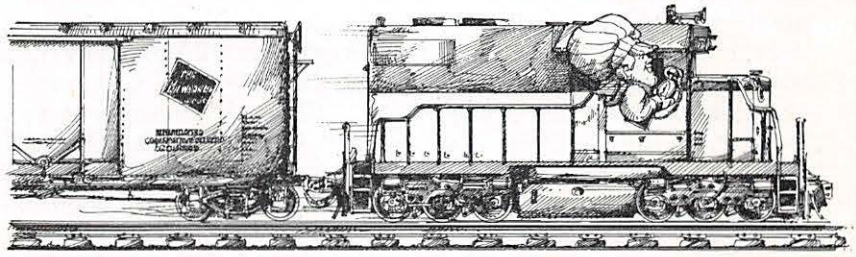
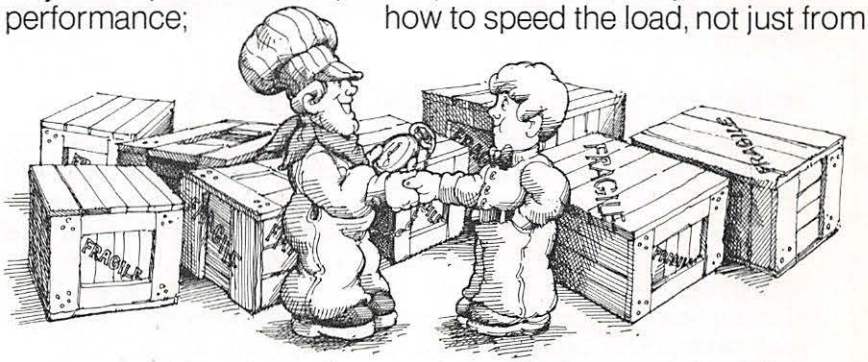


Working almost daily with our customers, our own motor carrier, and with other railroads, we're constantly seeking new ways to improve *total shipment* performance, not just *train* performance; how to speed the load, not just from



yard to yard, but from door to door. Tuning up scheduling. Tightening up our interchange and run-through services. Closer day-to-day monitoring of every car on the system.

THE MILWAUKEE ROAD

All aimed at putting your shipment where you want it, as quickly and as economically as possible. We believe that's the kind of service you want, and expect, from us.

America's Resourceful Railroad

Watching Washington

R.M.M. McCONNELL

ADAMS' STA BILL MOVES AHEAD

Rep. Brock Adams (D.-Wash.) may yet have the satisfaction of seeing the Surface Transportation Ace he authored emerge as the keystone of new railroad legislation, thanks to the work of the Transportation and Aeronautics Subcommittee of the House's Committee on Interstate and Foreign Commerce.

Adams' bill, which dates back to 1971, was joined by the Nixon Administration's Transportation Improvement Act, better known in acronymic Washington as TIA. For a while, the two bills appeared to be neck-and-neck in the race for the finish line that marks the point where bills become law. However, Adams' bill had the advantage of momentum behind it. In the time it had spent in the legislative stalls, supporters had worked up some enthusiasm for its provisions. One other advantage enjoyed by the Adams bill was the fact that it was not backed by the Nixon Administration, which in the present political climate here is a real plus.

This is not to say, however, that the STA that looks like it's winning the race is a thoroughbred. For example, TIA provisions on loan guarantees—authorizing up to $2 billion in Federally guaranteed loans for plant and rolling stock investment—were folded into the subcommittee's working draft. In another move, the subcommittee adopted an STA element that would transfer budget control over the Interstate Commerce Commission from the White House's Office of Management and Budget to the Congress itself. This not only makes technical sense, since the ICC is a creation of Congress; it also reflects the continued desire of Congress to take a stronger hand in transportation planning and regulation.

Essential to success of whatever comes out of the subcommittee, and whatever comes out of the parent committee, is the issue of "livability." If the Congress as a whole is going to approve an omnibus rail bill of any kind, it will have to be designed to gore the minimum number of various legislators' pet oxen.

HOUSE PASSAGE SEEMS HIGHLY PROBABLE

Assuming that the livability test is passed, and a viable bill emerges from the subcommittee (and this is the general assumption), where does it go from there? At the present time, it looks like such a bill will move quickly through the Commerce Committee and onto the House floor. With the mixed input the bill has had, and the support the basic STA element has enjoyed, there is a high probability of quick and easy passage through the House, perhaps by the end of July.

Quick Senate passage is not so confidently predicted. Not only are Senators likely to take a strong interest in tinkering with omnibus rail legislation; there is also the question of dealing with a possible impeachment. In the House, where the process of impeachment moves like any other bill to the floor, legislators can worry over impeachment in one committee and railroads in another. But in the Senate, where a conviction effort involves every Senator, other business will probably stop completely.

In short, the ultimate timetable of the omnibus rail bill rests once again on an issue that has nothing to do with railroads.

The Liberals said their plan would be implemented in three phases: 1) within two years of parliamentary approval, current service and frequency would be improved; 2) within five years, new 125-mph trains would be introduced; 3) within ten years, new 175-mph trains would be operating on completely new trackbeds.

One interesting point is that in the announcements there was little of the "someday-it-can-be-profitable" pretense that characterized the formation of Amtrak in the U.S. Explained Liberal Transport Minister Jean Marchand: "As we subsidize transportation anyway, we want to assume direction and control. We are not trying to find a system to make money."

It has been noted in the Canadian press that the existing subsidy program provides the railroads with little incentive for innovation, and that most of the existing car fleet is at least 20 years old. But rail officials point out that most of the Liberals' proposals have already been studied, and were either abandoned as impractical or are being acted upon. CP and CN have been discussing privately, at the urging of the government, greater consolidation of existing rail passenger services, such as removal of redundant stations.

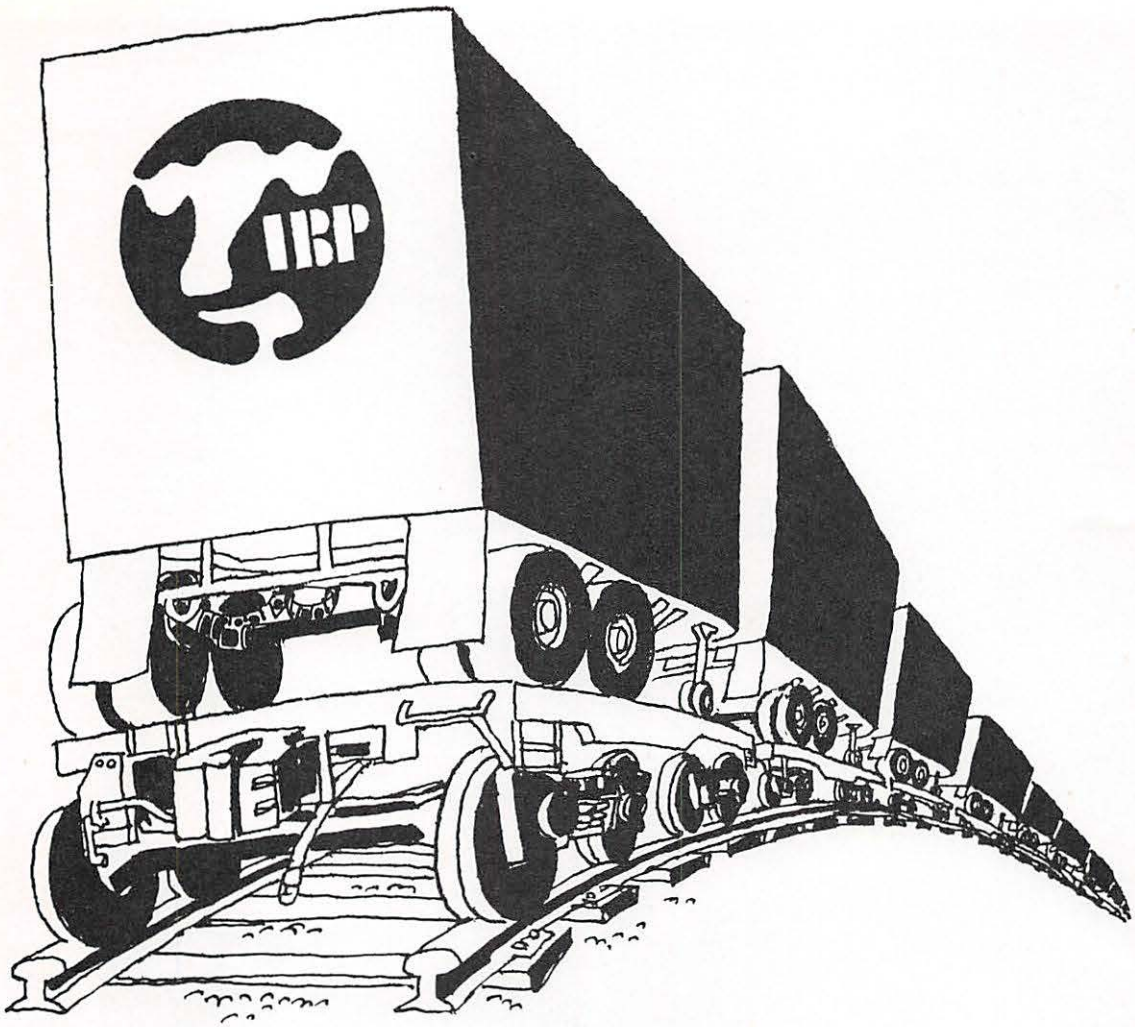
While in Edmonton, Alberta, Trudeau promised the removal of "regional inequities" in freight rates—swiping at an admittedly battered political football in an effort which nevertheless won the Liberals some support from the western provinces, where the brunt of those regional inequities is felt.

The Liberals also said the federal government would acquire and manage a freight car reserve fleet for use during high demand periods.

Trudeau broke new ground when he pledged $290 million over the next five years for urban transportation, which in Canada has been a municipal and regional—and more recently provincial—concern.

Canadian transit advocates took the position that, while the money itself wouldn't go very far, the commitment was a breakthrough because it acknowledged for the first time the place of the Federal government in urban transit.

In making his transportation proposals, Trudeau repeated the theme: "Where geography divides us, we must use transportation to unite us." Canadians haven't been sure whether to take the proposals as the announced policy of a Prime Minister and his Transport Minister, or as the campaign promises of two politicians. Perhaps it was coincidence, but the day of Trudeau's rail passenger announcement a columnist for the Calgary Herald asked on the front page, "What's happened to the good old fairy tales? They used to always begin 'Once upon a time.' Now they always begin 'If I am elected'."



got a beef about transportation costs? switch to the Illinois Central Gulf!

When one of the world's largest meat processors wanted to beef up its transportation, recently, they made a surprising move.

In spite of the fact that Iowa Beef Processors owned their own trucking business, they invested in a fleet of refrigerated piggy-back trailers to ship on the ICG.

"We needed to depend on getting to Chicago overnight, and the railroad is consistent!" says Dick Loose, their traffic manager.

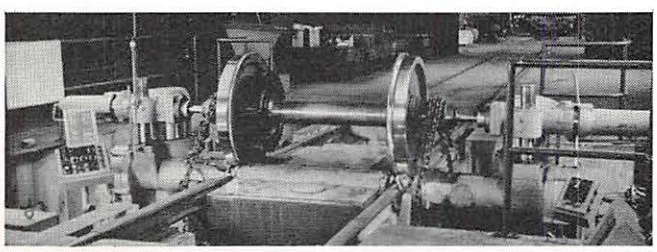
And, according to Jack Roeser, Iowa Beef's Group VP as well as member of the National Council on Physical Distribution, "When you think of the future—saving fuel, economy, and service—everything points to greater use of the railroad."

So now when Iowa Beef heads out of Fort Dodge, Dakota City, Denison, and Sioux Falls, it's heading on the ICG. After all, there's a lot at steak, so to speak.

To take the bull by the horns and cut your transportation costs, call us at 312-565-1600 Ext. 2272 and ask for George Stern.

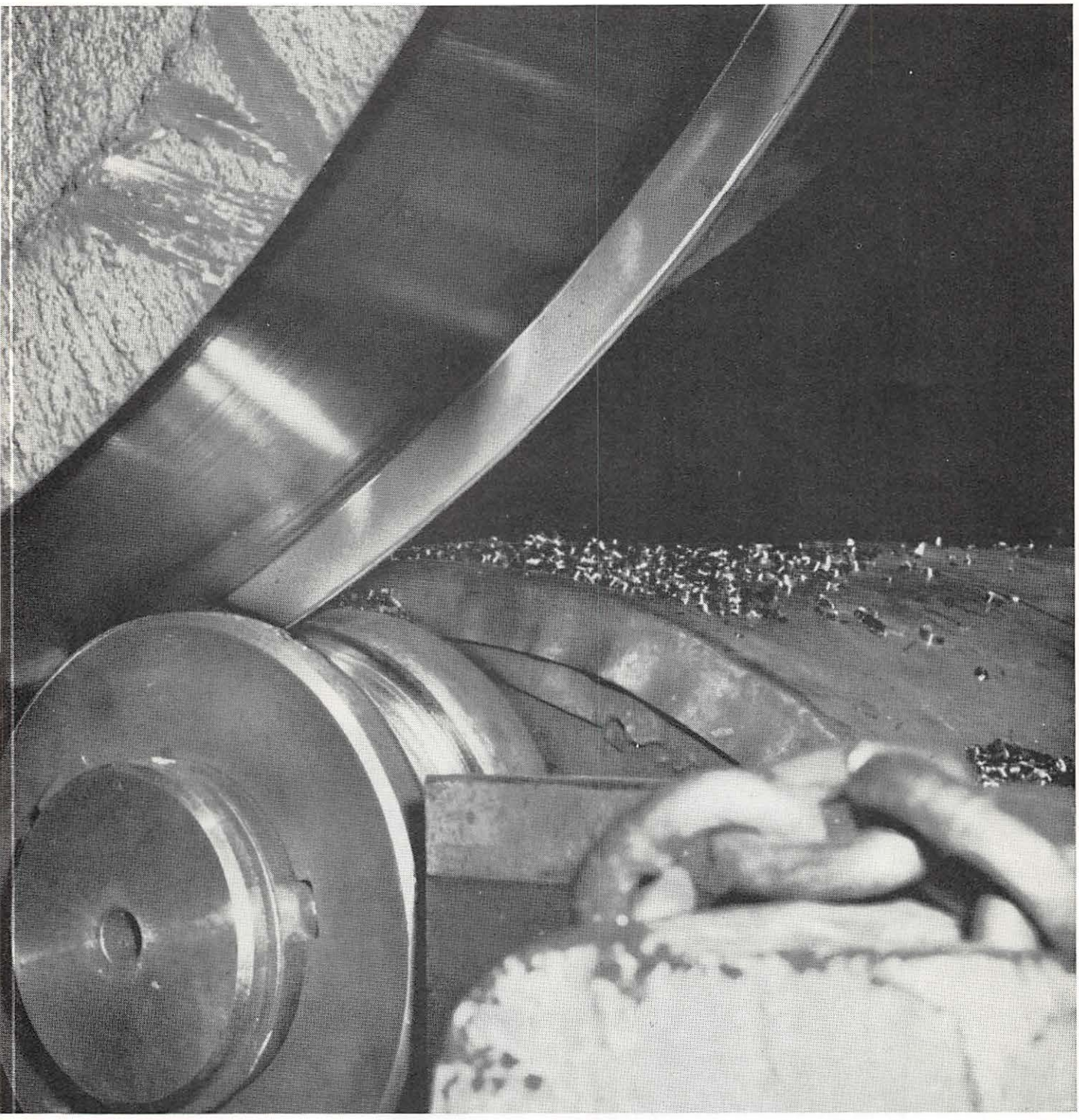
ILLINOIS CENTRAL GULF
AN IC INDUSTRIES COMPANY
We've been working on the railroad

Continue to shape 'em up



How many times can you reshape your rolling stock's wheels? Two or three times before they're shipped to the scrap pile?

Standard's Wheel Truing Machine can give you about 40% longer operating life from each wheel. Since it's a milling machine, it doesn't have to cut as deep as a lathe to true a wheel. So, each wheel can be reshaped four or five times. That has to save you big bucks in the cost of repurchasing and inventory.



instead of shipping 'em out

Saves you big dough in downtime and labor, too. Because wheels can be trued quickly right on the car, as well as in single units.

How much of your rolling stock can a Standard Wheel Truing Machine handle? All of it . . . locomotives, box cars, flat cars, gondolas, mining cars, commuter cars and rapid transit cars. If it rolls on rails, Standard can help you keep it rolling for less.

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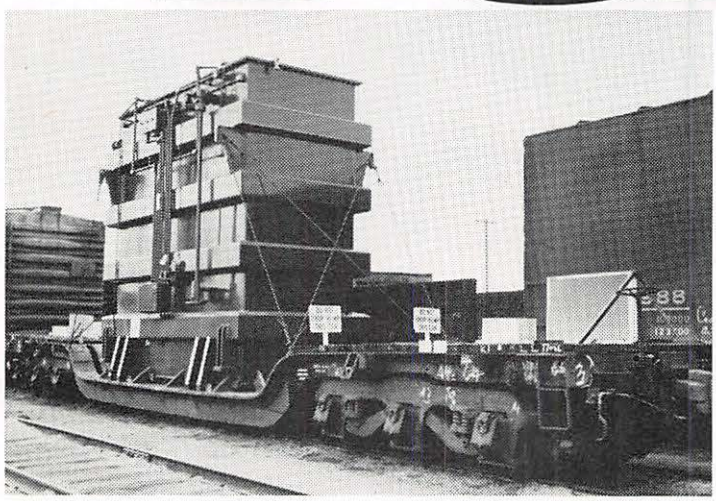
Circle 7 on Reader Service Card

We can handle it.



the Union Pacific
railroad people

UNION PACIFIC

Contact your local Union Pacific Traffic Agent today.

7 turbos okayed for N. Y.-Boston

Months ago Amtrak asked the Department of Transportation for authority to purchase 20 turbine-powered trains—six for service in the Midwest (including two French-built trains which had been in experimental service since last fall) and 14 for operation between Boston and New York. DOT said yes on the Midwest half-dozen, but no—at least for the time being—on the eastern 14. There were instant cries, from U.S. Sen. Vance Hartke (D.-Ind.), among others, that DOT was usurping Amtrak's management prerogatives.

On July 22, DOT decided to meet Amtrak at least halfway. Secretary Claude S. Brinegar announced that financing of seven five-car turbine trainsets, to cost between $30 million and $35 million, had been approved. While the trains are expected to be of the French ANF-Frangeco design, Brinegar emphasized that they would be "predominantly manufactured and tested" in the U.S. Rohr is the U.S. licensee. Delivery will begin late in '75 or early in '76.

Pate

Gehrt

Pate, Gehrt head RPRA slate

New president of the Railroad Public Relations Association is James G. Pate, vice president-public relations of Rock Island, succeeding Clifford G. Massoth, director-public relations and advertising of Illinois Central Gulf. Other officers elected at RPRA's 1974 annual meeting at Colorado Springs are: Senior vice president, Robert E. Gehrt, assistant manager-public relations, Santa Fe; regional vice presidents, U. William Cunitz, director-public relations and advertising, Penn Central; Woodson Knight, assistant vice president-public relations and advertising, Louisville & Nashville (Family Lines), and Barry B. Combs, director-public relations, Union Pacific. John N. Ragsdale, manager-industry relations, AAR, was re-elected secretary-treasurer.

Lines on Labor

GUS WELTY

THE LIFE YOU SAVE. . .

For all of you out there whose lament is that "My taxes go to Washington and that's the last I see of the money," here's a chance to get something tangible for all those tax dollars—and at the same time (1) do something nice for mankind and (2) do something worthwhile for yourself and your family. Look into MRFIT—the Multiple Risk Factor Intervention Trial, also-known-as the Heart Attack Prevention Program. MRFIT is, basically, a six-year program aimed at getting an answer to a big question: Can "premature" heart attack be prevented? In screening procedures which will be continuing for some months, MRFIT is looking for 12,000 men (age 35 to 57) with whom the organization can work—men who are in good health but who exhibit certain high-risk tendencies: (1) They're hooked on cigarettes, (2) their blood pressure is elevated, or (3) their cholesterol level is high. Many are called but few are chosen: Currently, MRFIT is taking in one of every 15-or-so men who go through the three-part screening. Maybe the odds aren't all that great that you'd be accepted—but the potential benefits sure make a try worthwhile.

WHAT MRFIT'S ALL ABOUT—AND HOW IT WORKS

So far as the individual's benefit is concerned, acceptance in the MRFIT program means regular checkups on blood pressure and cholesterol, at such intervals as the program team deems necessary. It means individual or group therapy-type help in shaking the cigarette habit. It means advice and counsel in nutrition. The initial screening for MRFIT takes only a few minutes, for blood-pressure checks and the taking of blood samples. The second and third screenings take a couple of hours each, and this is no assembly-line operation: Each man gets individual attention. On visit No. 2, it's blood-pressure checks, plus many more blood tests, plus an electrocardiogram, plus a physical exam. On visit No. 3, it's more blood-pressure readings, plus a talk with a nutritionist, plus more electrocardiograms of the heart at rest and of the heart under stress—while you battle a treadmill that keeps getting faster and steeper (actually, the only part that hurts comes when the technician shaves the hair it took years to grow on your chest and then sandpapers the skin so that the electrodes will fit right). And after all this, if the great-computer-in-Minneapolis says it's OK, you're in.

INTERESTED? YOU PROBABLY SHOULD BE

MRFIT operates coast-to-coast—Baltimore, Minneapolis, St. Louis, Boston, Portland, Ore.; Kettering, Ohio; Philadelphia, Pittsburgh, Los Angeles, Piscataway, N.J.; New York, San Francisco, Davis, Calif.; Chicago, Newark, Birmingham, Columbia, S.C.; Miami—usually out of a major university. You can get information, too, from the coordinating center at the University of Minnesota in Minneapolis. But why should you—or Railway Age—be interested in all this? Because coronary heart disease is a greater killer than cancer or the automobile. Because railroading (transportation) seems to be a high-risk business (think about it—you'll agree). Because people are too-prone to self-diagnosis, and people *don't* have the regular checkups they should have. Because MRFIT gives you six years of top-drawer medical attention and your only investment is time and a bit of effort. Oh, yes: It's all free.

L&D prevention:

For Reading, no "bankruptcy" in L&D

If you were to apply educated-guesswork to the conditions you might reasonably expect to find on a bankrupt railroad, you might come up with a list including:

—Poor track, with a lot of deferred maintenance.

—Equipment in less-than-good shape.

—Morale suffering, in management and among contract employees.

—Shipper-service problems, reflected in part by a climbing ratio of loss-and-damage payout to revenue.

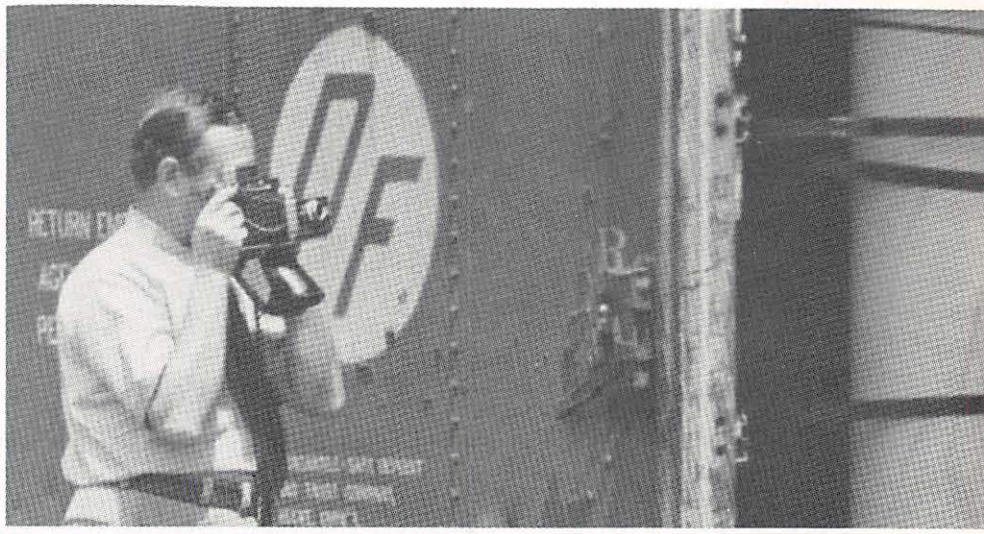
The first three items on the list, of course, all contribute to the fourth item—except that on at least one of the major bankrupts, Reading, the whole list just doesn't seem to apply. Despite bankruptcy, Reading people retain pride in the road's maintenance policies and in over-all morale. And they can point to the freight-loss-and-damage situation as one evidence that troubles notwithstanding, Reading isn't falling apart. Consider the pertinent figures:

—Reading has historically had a pretty good ratio of L&D payout to gross freight revenue. But "pretty good" is getting even better. In 1964, for example, the ratio was 0.94, and between then and 1970 it ranged from 0.76 to 0.83. In 1971, however, the ratio dropped to 0.818, in 1972 it fell to 0.814, and last year it was a most-creditable 0.655. For purposes of comparison, the industry ratio in '73 was 1.56.

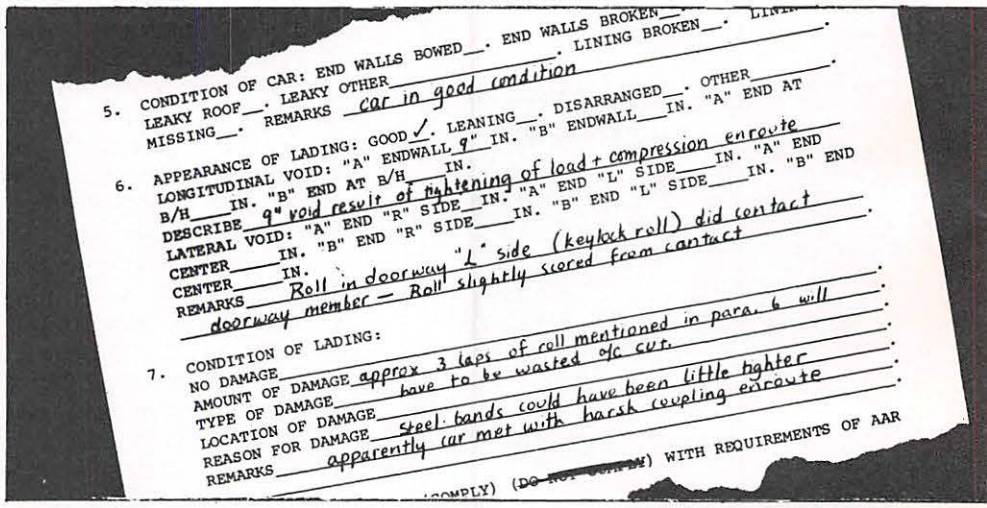
—During the 1964-73 period, gross freight revenues had their ups and downs, but went from $87.2 million in '64 to $105.9 million last year. Merchandise traffic, as a percentage of total revenue, went up from 45.8% 10 years ago to 59.3% in 1973. During the period, claims on merchandise traffic went from 82.1% of total payout to 89.1%. Thus, while merchandise revenues gained 13.5% as a proportion of total revenues, merchandise payout climbed by only 7% as a proportion of total payout.

—While a number of the bankrupt carriers posted payout-to-gross ratios of 2.00 and more in 1973, Reading found itself in an elite group. Among railroads with gross revenues of $100 million or more, only four showed ratios of less than 1.00: Southern, Rio Grande, Soo Line—and Reading.

● **The reasons why.** Why the seeming paradox, of Reading marching with the leaders in L&D? Robert F. Hartman, superintendent-loss and damage prevention, can tick-off a long list of reasons:



L&D DETECTIVES AT WORK: Reading L&D-prevention aide John Diehl (above) photographs damaged load of paper. Detailed "destination report" (below) is also prepared. Both photographic and written evidence get the careful attention of Robert F. Hartman, superintendent-L&D prevention (right).



5. CONDITION OF CAR: END WALLS BOWED__. END WALLS BROKEN__. LEAKY ROOF__. LEAKY OTHER__. LINING BROKEN__. LINING MISSING__. REMARKS car in good condition

6. APPEARANCE OF LADING: GOOD ✓. LEANING__. DISARRANGED__. OTHER__. LONGITUDINAL VOID: "A" ENDWALL 9" IN. "B" ENDWALL__IN. "A" END AT B/H__IN. "B" END AT B/H__IN. DESCRIBE 9" void result of tightening of load + compression enroute LATERAL VOID: "A" END "R" SIDE__IN. "A" END "L" SIDE__IN. "A" END CENTER__IN. "B" END "R" SIDE__IN. "B" END "L" SIDE__IN. "B" END CENTER__IN. REMARKS Roll in doorway "L" side (keylock roll) did contact doorway member — Roll slightly scored from contact

7. CONDITION OF LADING: NO DAMAGE__. AMOUNT OF DAMAGE approx 3 laps of roll mentioned in para. 6 will TYPE OF DAMAGE have to be wasted o/c cut. LOCATION OF DAMAGE__. REASON FOR DAMAGE steel bands could have been little tighter REMARKS apparently car met with harsh coupling enroute

...COMPLY) (DO NOT CONFIRM) WITH REQUIREMENTS OF AAR

—On Reading, at least, bankruptcy proceedings have not brought on a deterioration of morale.

—L&D prevention has top-level support, and that support is made known down through the supervisory and contract ranks.

—The freight-claim department does a thorough and efficient job; no claims are paid in the name of "customer relations."

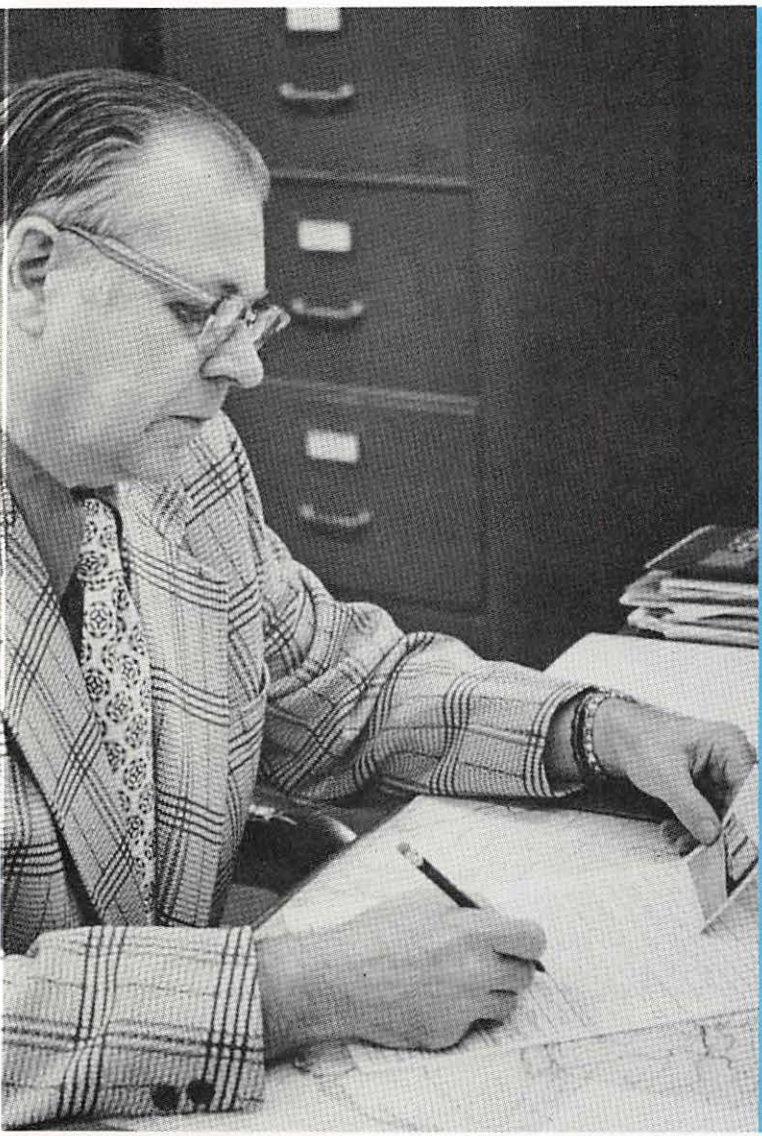
—Security forces have been able to contain theft losses, a mounting problem for roads serving major metropolitan areas.

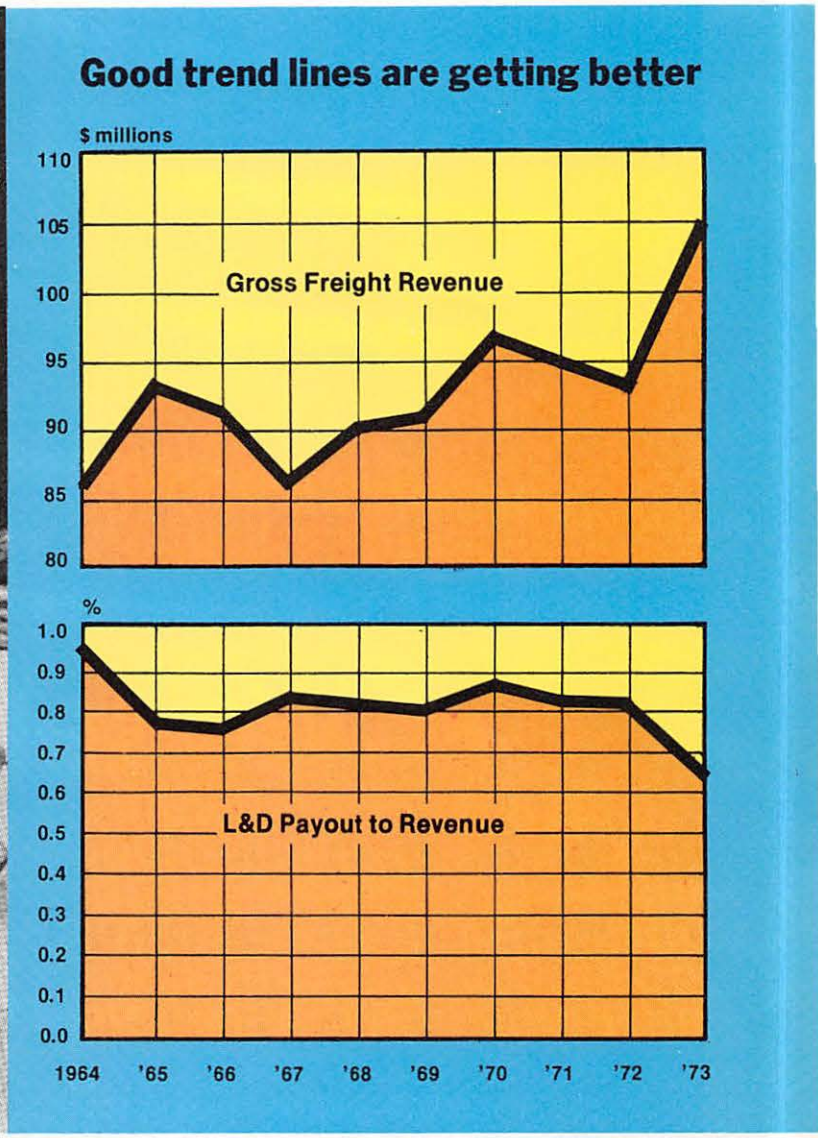
—Track and equipment have not been allowed to go to pot. As Bob Hartman puts it, "Reading's philosophy has been that it's less costly to repair track and equipment than it is to pick up wrecks." Reading does, in fact, have slow-orders on most of its branchlines, but "the emphasis has been on keeping the main tracks in good condition so as to permit us to maintain normal speeds." Proudly, if privately, Reading people quote an independent inspection team which toured the Northeast as regarding Reading main track as not only better than track on other bankrupts but also better than track on a number of roads in much better financial condition.

As it happens, Reading's L&DP forces haven't found any magic formula for damage-reduction. But the "forces"—consisting of Hartman and one assistant, John Diehl—work hard, and they concentrate their efforts on working with Reading's approximately

performance

By GUS WELTY Senior Editor



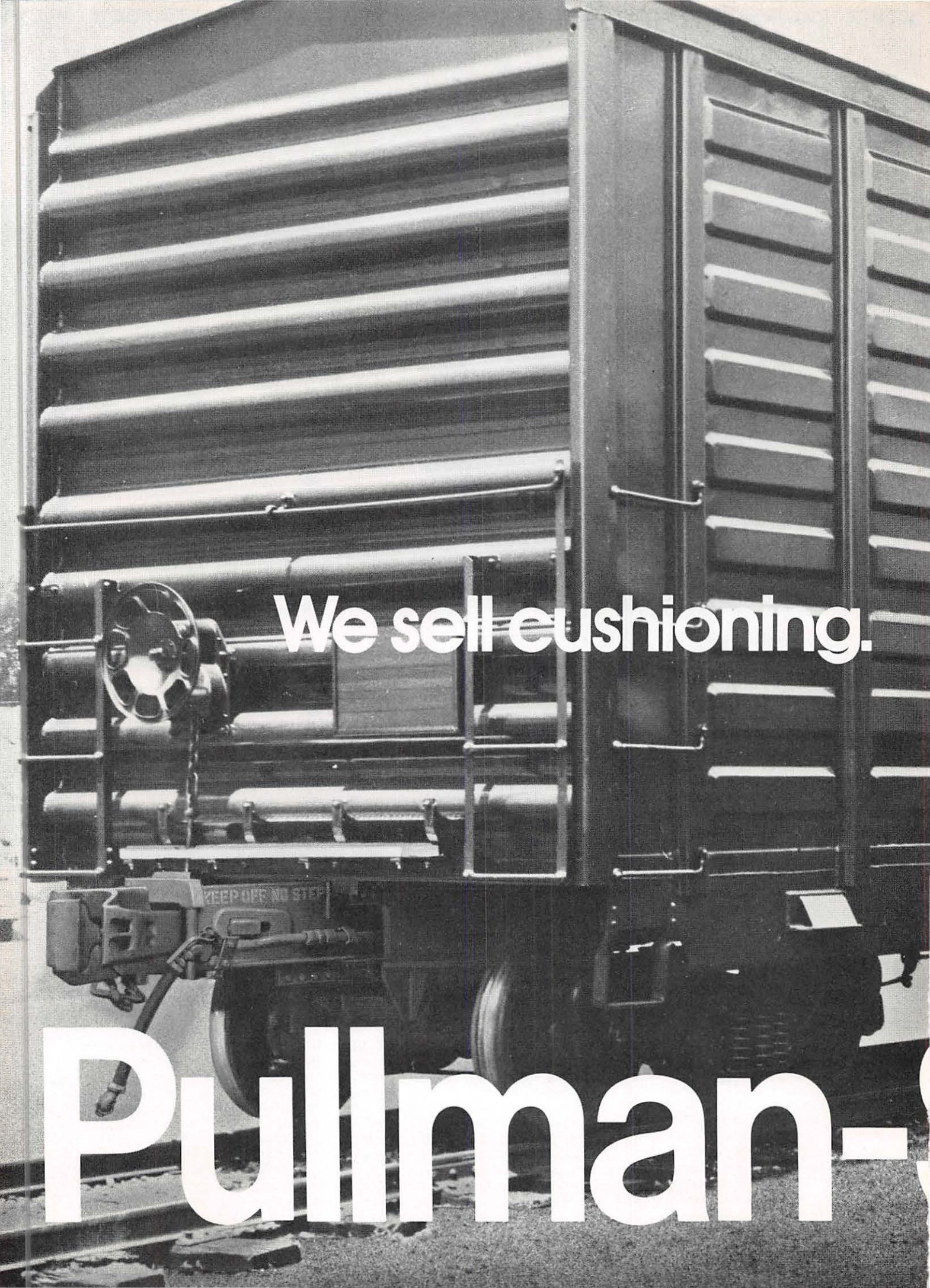


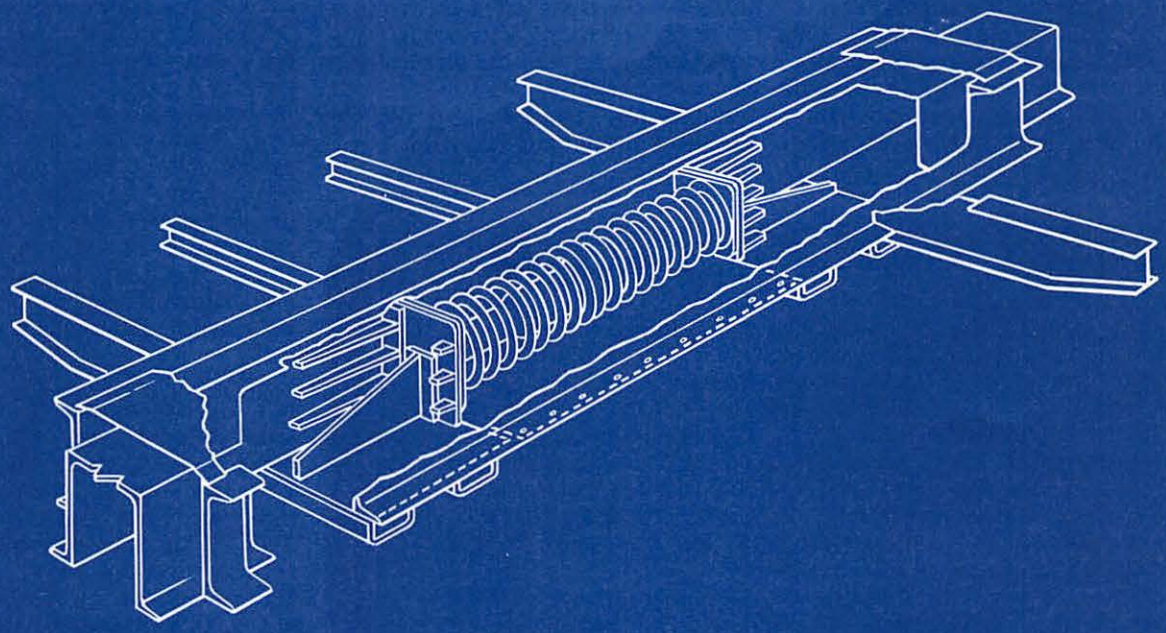
6,850 online customers on (1) proper loading and blocking techniques and (2) destination inspections to pinpoint L&D problems.

Hartman recalls that Reading surveyed 422 impact-recorder tests between August 1969 and April 1972, and found that on 155 readings showing one or more impacts of 6 mph or greater, 107 shipments had no damage. On the other hand, in 267 tests that registered no impacts, there were 41 shipments that had damage, sometimes severe damage. "We delved into this further," Hartman says, "and found that in tests where damage did not occur, whether or not impacts were registered, the recorders were for the most part installed by railroad damage-prevention people, either on cars outbound from Reading or on cars received from connections. Conversely, on cars where railroad representatives were not on hand at the time of installation, damage was occurring even when no impacts were registered. We concluded that the real key to damage-prevention has to be proper loading and blocking by shippers—and the best ways to obtain this are through destination inspections and through working closely with online shippers."

● **Destination reports vital.** Reading, Hartman emphasizes, "considers destination inspection reports to be of prime importance, and our policy is to make as many inspections as possible and to furnish complete reports to originating railroads—reports describing the arrival-condition of the lading as well as suggesting improvements in loading and/or blocking methods. Also, we work very closely with many of our shippers in preparing their outbound loads—and we follow-up with a request to the delivering carrier for a destination inspection and report and whatever suggestions they consider necessary."

Hartman, it should be noted, is less than pleased with the reports coming back from some carriers: Many reports "merely state the amount of damage—and this is of no value in damage-prevention efforts. We need comprehensive reports, which we can then pass on to shippers and work with them to correct any faults in loading and blocking. A few months ago, Railway Age mentioned the excellent L&D performance of Southern (March 25, p. 17). For the most part, we get very fine destina-


We sell cushioning.
Pullman-



With . . . or without the car.

And we've been doing it since 1960. That's when we introduced Hydroframe cushioning, to give our customers the kind of lading protection that only long-travel cushioning can give.

The Hydroframe is a center-of-car cushioning unit. It is completely self-contained, with the hydraulic action hermetically sealed, and the return spring integral with the unit. The entire unit fits completely inside the center sill. Hydroframe takes up where the draft gear leaves off, absorbing the extra-hard impacts. Since the unit needn't follow every small coupler movement, it lasts longer, works longer, at full efficiency.

With Hydroframe, you can buy just the degree of protection you want. It is available with either 20 or 30 inches of travel, in 50, 70 or 100 ton capacities. Or it can be customized to any specific capacity from 35 to 125 tons. In every size you get the cushioning protection that's been proven in 14 years of service and over 30,000 installations.

And you can buy Hydroframe cushioning units in either of two ways. Alone. Or equipped with a new Pullman-Standard box car—at a slight additional charge.

Pullman-Standard, a division of Pullman Incorporated, 200 South Michigan Ave. Chicago, Illinois 60604.

Standard

tion reports from Southern—and possibly their destination-inspection program is one reason why their record has improved."

One evidence of the effectiveness of Reading's destination-inspection and work-with-shippers programs, Hartman believes, is the improvement in payout Cause 3, the catch-all "Improper Handling-All Damage Not Otherwise Provided For." In 1970, Cause 3 was 70.2% of total payout, but last year it was just 55.7% and dollar payout between '70 and '73 dropped by more than $170,000 "in spite of our having a higher proportion of merchandise shipments and in spite of the higher dollar value of the commodities."

Surprisingly, perhaps, for a road operating in the metropolitan Northeast, Reading has also been able to cut payout in Cause 7, "Theft." In percentage terms, the peak year was 1971, with theft accounting for 14.6% of the total payout. The figure dropped to 13% in '72 and 11.5% last year, though both percentages were still well over the industry average.

● **Accident payout low.** Equally significant, Reading has been able to keep payout due to Cause 9, "Train Accident," below the industry figure. Over the past decade, Reading payout averaged out at 12%, industry payout at 13.5%. Last year, the industry-payout percentage climbed from 14% to 16.7%, while Reading's was a highly respectable 8.1%.

In commodity terms, Reading has had especial success in a couple of areas—including newsprint, which dropped from 6.5% of the total in 1970 to 2.5% last year; and furniture and fixtures, which fell from 11.8% in 1970 to 5.5% in '73. Even in a category where railroads have been commonly plagued—payout on automobile tires due to theft—things are getting better: Payout soared by 700% between 1965 and '71, but for the past two years the problem has been contained.

Hartman spreads the credit around for the L&D-prevention successes Reading has had. He talks, for instance, of the close liaison between the freight-claim department and the police department on the theft problem. He notes improvements in communications facilities and equipment for railroad police. He points to the success of the government-funded helicopter-patrol program in the Philadelphia area which, "while it's intended primarily to combat vandalism, has a psychological side-effect in helping to control theft. The vandal is a potential thief, and if you can scare him away by use of the helicopter patrol, you're removing him from the scene of the action."

● **Acclaim for the claims people.** On Reading, L&D-prevention and freight claims are separate on the organization chart, with prevention efforts assigned to the operating department and claims to the accounting department. But Hartman does not hesitate to credit the claim people for their contribution to the improving payout situation:

"The claim department has a setup with local agents in which the agents report immediately any shipments terminating in their territories with potential damage in excess of $500. A claim representative goes to the unloading point to make an inspection, rather than our waiving inspection and accepting the customer's calculation of loss or damage. The claim department also insists that consignees mitigate damage through segregation, reconditioning and repair—as opposed to permitting the consignees to return a shipment to the

(Continued on page 42)

L&D-prevention hardware: An assessment

Reading's superintendent-loss and damage prevention, Robert F. Hartman, has been with Reading for 25 years. His No. 2 man, John Diehl, has been there 27 years. In that time, they've seen a lot of development of hardware designed for freight-loss-and-damage prevention. How effective is it? Their assessment: It's good—if it's used right.

"With DF equipment, we instruct shippers to operate on a basis of 4,000 pounds per crossbar. We also point out the necessity, depending on the type of commodity, of making use of deckboards, either their own or ones furnished with the car. On many types of commodities, you simply cannot have direct contact between the package and the crossbars.

"In standard bulkhead cars, one problem is to load so that there will be a flat surface that can contact the bulkhead fully. But many times, you'll come out with a load that's just a bit cockeyed—a load that extends a little farther on one side than on the other. The bulkhead can only go against the part of the load extending the farthest, which means the rest of the load may show several inches of void space. That's asking for load-shift and damage problems.

"The biggest problem in DF or bulkhead cars is the palletized shipment that doesn't take up the full width of the car. We require that our shippers use some kind of filler to fill the lateral void. If they don't, then I don't care what kind of package it is or what kind of commodity: If there is void space, the load will rock laterally and you're going to have damaged packages as a result.

"Cars with sidewall fillers are good, but what happens so often is that shippers or consignees will go into a car with forklift equipment, not move the sidewall fillers back into the recessed position and damage the filler.

"As for AirPak bulkheads, the dual AirPak bulkheads, they're also good. But when a supplier says that if you use this equipment then you don't need side fillers or side bracing, the shipper tends to accept this and he figures he can save money and so he doesn't provide fillers. Trouble can be the result, especially on palletized shipments—because if there's an underhang of even one-quarter inch between pallet and lading, the bulkhead will bear against the pallet and not the load. And if there's lateral void space, the lading is going to move laterally. Even if damage does not result, the consignee may well be unable to use his mechanical equipment to unload the car.

"Inflatable dunnage? Whether you use the rubber bags or the throwaway paper bags, use should be governed by one thing: The bag should fit the load. In other words, it should not rise above the top of the lading and it should extend the full width of the lading. We've had cases, in brick shipments, for example, where the load comes up perhaps 32 inches from the floor and the shipper uses a 48-inch-high bag. Either the bag is squeezed out completely, or the air is forced into the upper one-third of the bag—which creates more pressure than it can stand. If the bag is more than six inches shorter than the height of the lading, then a bowing or vee-ing effect is created—either of which causes damage at the time of inflation or increases the damage potential. We've also found that bags sometimes have defects, in the valve or elsewhere, and the air leaks out. Unfortunately, the next-to-last thing most shippers do is to inflate the bag—and that's immediately followed by the last thing, which is to close the doors. We advocate that they wait 20 to 30 minutes before closing the doors, so that they can check on whether the bags are holding air.

"Cushioning equipment? Development of this equipment has probably been the greatest thing that has happened, so far as damage-prevention is concerned. The trend is toward more use of end-of-car cushioning, but all types of cushioning in service perform well. Put it this way: We do test the effectiveness of the cushioning with impact recorders—and the marks registered by the stylus are very, very short. With a cushioned car, you have no way of knowing what the speed of actual impact was—but you know it was a light impact so far as the lading is concerned."

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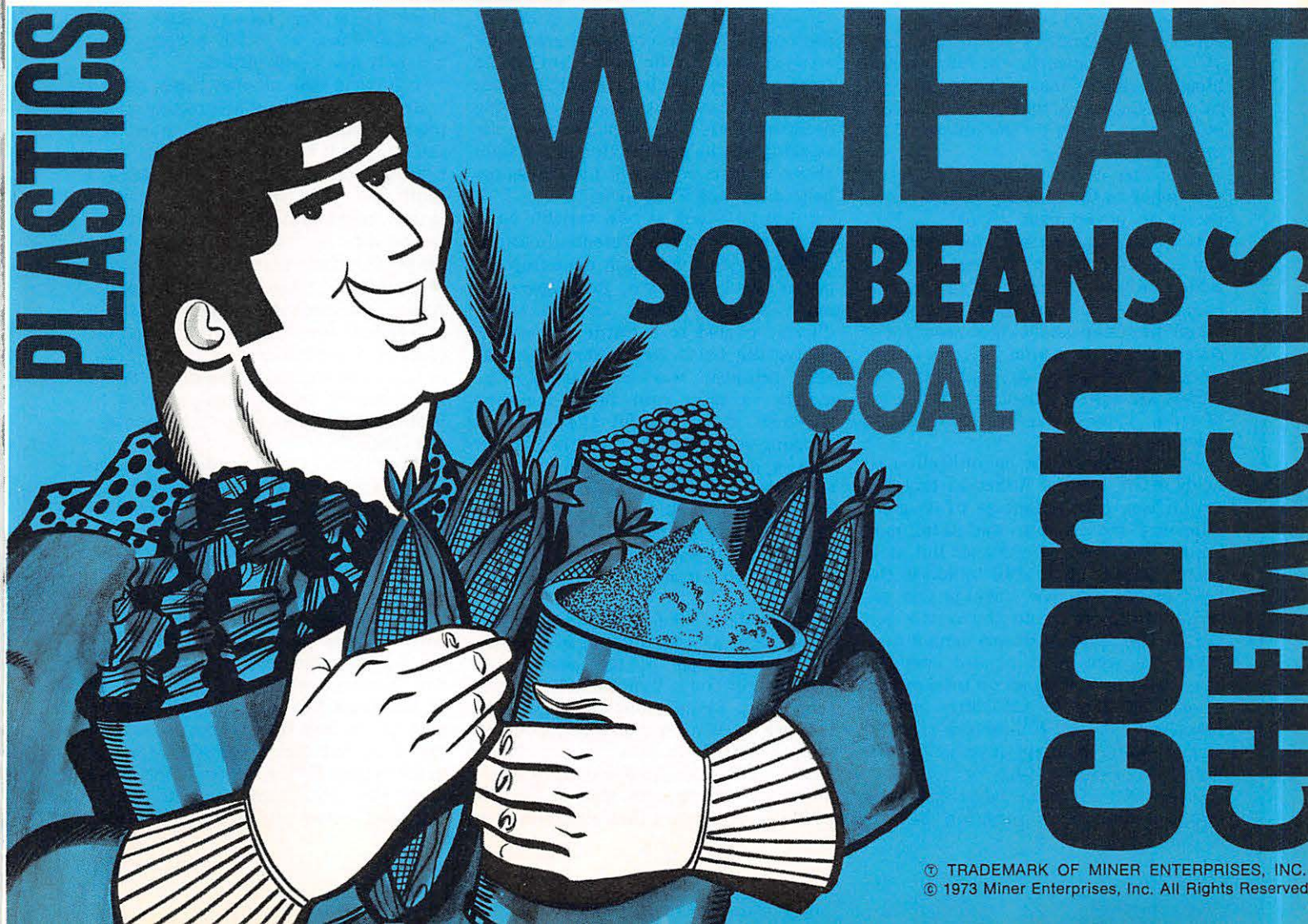

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Missing link in pricing: A fair return on

How much should a railroad earn on its capital investment?

That question has been bouncing around the industry in recent years like a piece of loose deck cargo on a storm-tossed ship.

What has kept it alive, of course, has been the railroads' inability to raise their average rate of return on net investment to the respectable levels enjoyed by most other major industries in the United States. It hasn't been above 4% since 1955, and it dropped below 2% in 1961 and as recently as 1970. Last year it got up to 3.08% and most economists, including the AAR's respected William F. Betts, vice president-economics and finance, believe the recent 10% freight rate increase will help raise the industry's average return close to the 4% level for 1974.

While the prospect of improvement is encouraging, a gain to around 4% still would leave the railroads substantially shy of the 6% level the ICC has said that they must reach to meet future demands for their transportation services and light years away from the 10% after-tax return the carriers' own economists have been urging in recent years.

● **That much—and more.** Now there are voices in the industry saying that even 10% may not be sufficient for a capital-hungry industry that is being squeezed by inflation more than most, and that an after-tax return on the order of 12% or more is needed.

One such voice belongs to a relative newcomer to the industry—but no newcomer to government regulation. He's A.L. Stott, now-retired vice president and comptroller of AT&T and currently a director and chairman of the finance committee at Burlington Northern. When he talks about the need for a decent return on capital, he zeroes in on so-called variable costs, and most observers are agreeing that he makes a lot of sense. These are among the things he is saying:

"The industry has an obligation to ready itself for the future so that the nation can take advantage of its great efficiency and economy and its minimal impact on the environment. But it is going to need up to $40 billion in the next decade for new trackage and improved facilities to do the service job ahead. The railroads simply cannot raise these vast sums with present earnings. They must have earnings on total capital of *at least* 10% to 12% after income taxes and 18% to 20% before taxes to attract capital in competition with other industries of similar risk.

"But rate-of-return never has been given a prominent position in the thinking of the ICC on freight rates, so many railroads frequently have used variable costs as a floor for marketing decisions. Variable costs are related directly to the traffic movement, while fixed costs go on whether traffic moves or not. Those who make marketing decisions based on variable costs are working on the premise that any margin above variable costs will be a welcome help in meeting fixed costs.

"But let's look at how variable costs can be measured in different situations.

"First, you have cash operating expenses, such as wages, fuel, operating rents, property taxes and so forth, directly related to a traffic movement. During the Great Depression, when excess capacity was everywhere, any margin in rates over these operating expenses was a helpful alternative to allowing equipment to stand idle. However, a railroad in such depressed circumstances had no reason to commit new capital. And it was in trouble because it was not recovering the cost of its original investment. Since it could not renew its capacity, it was liquidating its assets.

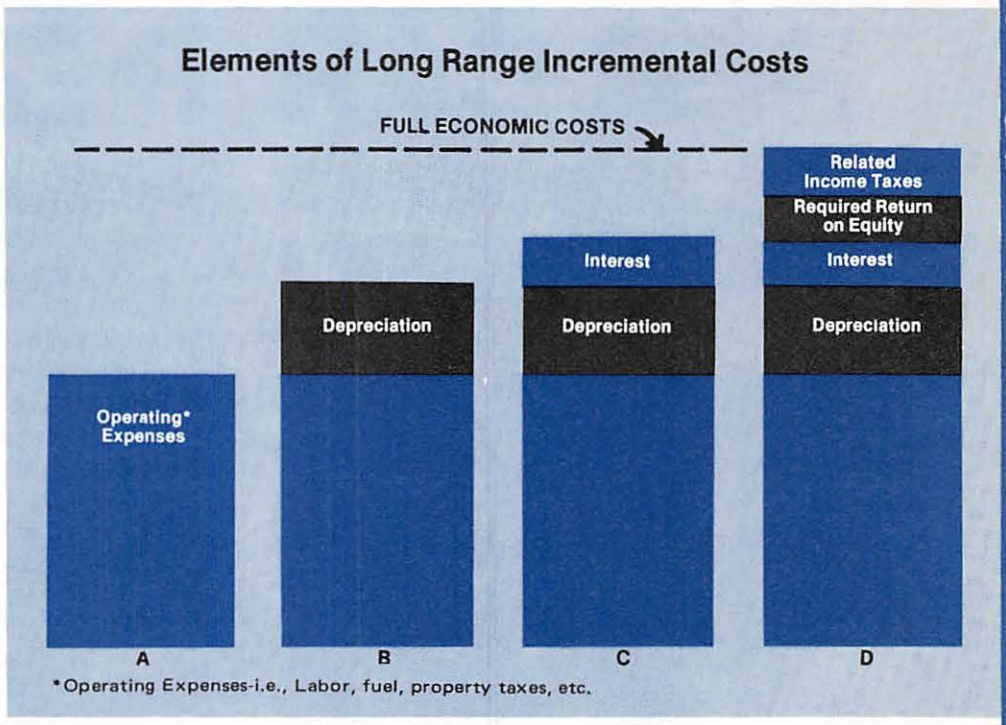
"Now let's take a second example. To these same cash operating expenses add depreciation of the assets used directly in our hypothetical traffic movement. By including depreciation in the rate calculation, you'd be recouping your capital investment. But that's all, and it's not enough, obviously. I don't know of a company that prices its products or services that way, although a public-service agency such as a transit authority might consider just these costs alone in setting subway fares. Such agencies have a social purpose and generally don't seek profits.

"Next, in case number three, add to your cash costs and depreciation the interest you're paying on borrowed capital. But it still would not be enough because you would not be making a profit for your stockholders. A state agency might consider such a formula in setting rates for its public services, but a for-profit private enterprise could not."

● **Nothing is "free."** In all three cases, Alex Stott emphasizes that "for social or political reasons, the full economic costs of doing business are not reflected in rates. Nevertheless, *somebody*—either the investors or the taxpayers—has to foot the bill. There is no such thing as a free lunch."

His fourth example adds a return on equity and related income taxes to the cash operating expenses, depreciation and interest of the previous case:

"This level of variable costs—that is, long-range incremental costs—reflects the true economic cost of a railroad traffic movement, including the capital cost of the assets used in the haul. It is the typical pricing goal for any competitive business where a full return on capital must be obtained—not only to recoup the investment over the life of the asset but also to provide an adequate return to the owners. That's the only way you'll ever attract capital. Rates set below this level not only will



fail to recover the capital costs of the facilities used in the movement, but they also will increase the burden of fixed costs and overheads."

Stott continues: "Today the railroad industry is working at full capacity. Cars and locomotives often are in short supply and the industry is continuing to purchase new rolling stock at increasingly higher prices and capital costs. All of the industry's freight rates must be designed to recover the capital costs of assets used in the movement—that is, interest, return on equity, and related income taxes.

"In the modern situation of full use and short supply, long-range incremental costs must be the floor for all marketing decisions by both the railroad industry and the Federal and state regulatory bodies. Marketing is a forward-looking process, of course, so consideration must also be given to future higher costs that are known or can be foreseen, such as higher payouts for wages, fuel, facilities and capital."

BN's finance chairman says he understands that the ICC calculates variable costs on a historical basis: "Further, the ICC includes only the interest portion of the required return on capital invested in assets used in a traffic movement and gives no weight to the additional costs of continuing the service in the future. For these reasons these variable costs fail to reflect the long-range incremental costs of traffic movements. Clearly, railroads must be setting rates on some traffic below the full costs of the haul. This means they are not recovering the cost of the new capital being committed to the business.

"It is one thing to be unable to recover the cost of fixed or 'sunk' capital. It is something else to fail to recover the cost of new capital being committed to operations. Here, management has a choice. If it cannot recover these costs, it can avoid them by not making the investment."

As Stott puts it, "Some people think railroads will achieve a fair return on total capital if the rates for all new traffic movements are profitable. However, rolling stock generally is used interchangeably on all movements, so each haul must cover its long-range incremental costs plus a sufficient margin to meet the burden of fixed costs and overheads. Any rates set below those levels should be exceptions that require specific approval at a high management level."

The BN director believes that "where there is sunk cost or excess capacity that cannot be liquidated or junked for more than the present value of its income from railroad operations, it should be continued in operations until worn out. But it should not be replaced."

Great strides are being made in creating a data base for sophisticated pricing. While it's not here yet, it's on its way and the need is great, obviously, as BN's Stott points out.

"In this present-day capital-short world, with double-digit inflation, a 12% prime rate and heavy income taxes, the industry must examine the profit potential of every traffic movement and each new investment. Its goal must be to recover its capital costs so that it can renew its capacity and attract the new capital needed to do the big service job ahead." ■

10%-after-taxes goal may really be too low

One of the less fortunate ICC decisions, BN Finance Committee Chairman Alexander L. Stott believes, was the decision—or rather, non-decision—in Ex Parte 271, an investigation into rate-of-return in which it was found that the available record didn't justify support of a specific rate-of-return level.

Stott believes that earnings must be increased if billions of dollars for improvement-spending are to be raised, and also because he feels the railroads made an excellent case for a return in the area of 10% after taxes.

That proposed rate, he conceded, may seem high for an industry that has had much lower returns. But "in an economy where inflation is proceeding at double-digit rates, a nominal 10% return brings little or no real return. Further, in view of the low regard that investors have of utility and railroad stocks, even a 10% level may not be sufficient to do the job that must be done."

● **Accounting for inflation.** In analyzing rate-of-return, Stott points out that in an inflationary climate, most successful businesses look for returns of at least 10% to 15%: "With the tax rate close to 50%, income tax payments are about the same as the net income for stockholders. Accordingly, returns on total capital before taxes must be about twice the level of returns after taxes, or in the 20% to 30% range. Remember, taxes not paid are merely deferred; long-term viability in an income-tax society requires that taxes be paid.

"Capital-intensive businesses such as railroads have to tap all sources of capital, both debt and equity, to meet their heavy investment requirements. An important question is, what is the proper debt ratio, or how much capital can be safely borrowed considering the risk of the industry. And of course there's no simple formula for establishing a proper debt ratio. It depends on many things, including management style, the nature of the business, informed judgment. Once established, however, it cannot easily be changed. And clearly, the greater the risks of the industry, the lower the debt ratio should be."

In the 271 docket, industry testimony "elected to accept the over-all industry debt ratio of 42%. It also used the historic embedded cost of debt of about 5% in order to obtain the earnings figure needed to service the debt. We should note that today's cost of incremental debt is 8% to 9%, much greater than the 5% embedded level used in 271."

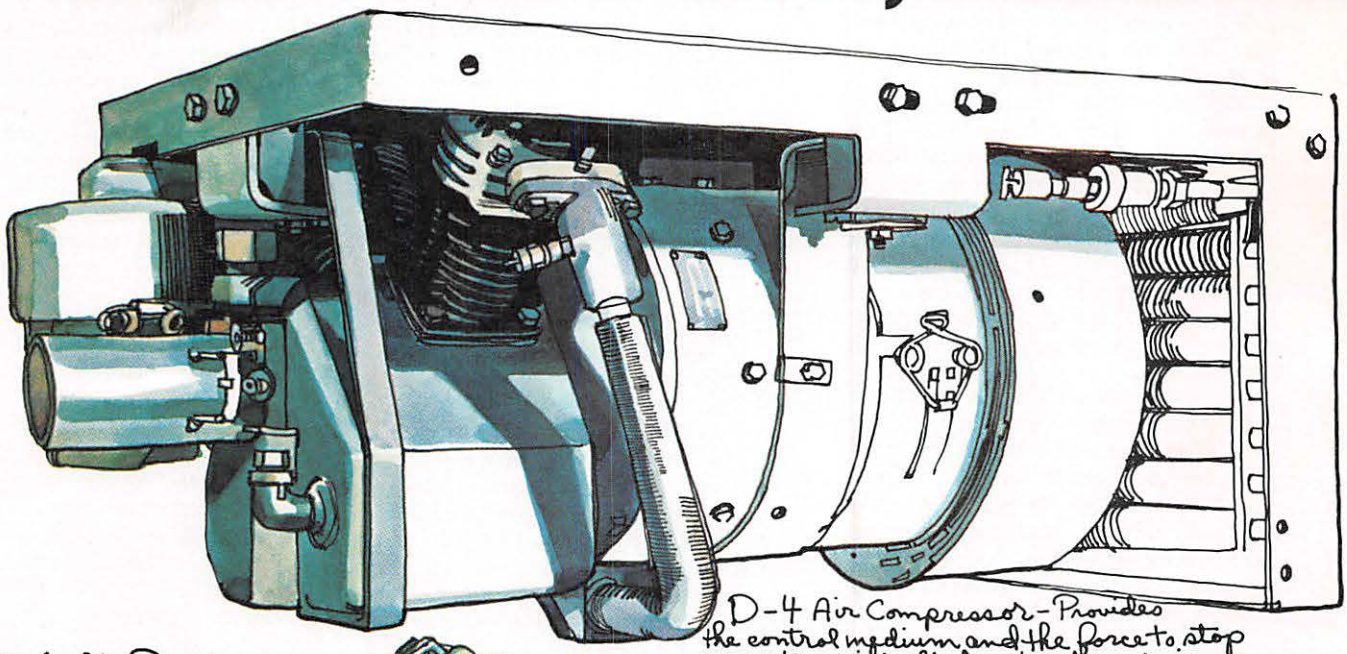
Further, Stott notes, "The required return on equity capital is generally considerably higher than the rate on debt, and the reason is obvious: Equity bears all the risks of business until it is substantially wiped out. It earns a return only after all prior claims have been satisfied. It shields debt in times of adversity. It is the credit base for all debt-financing. It permits a sound capital structure and it provides a reserve of borrowing power for troubled times."

● **"It's a start."** In Ex Parte 271, industry witnesses concluded that a return on equity capital of about 14% would be "a minimum for the railroads if they are to preserve a sound, long-term financial position. In my view," says Stott, "this number is reasonable. It's a start, though perhaps it should be higher."

When all the figures are in—a 5% embedded cost for debt, a 14% return on equity capital, a 42% debt ratio and a 50% tax rate—you have a 10% return after taxes or about an 18% return on total capital before taxes: "Required return on incremental capital would be on the order of 12% after taxes and 20% before taxes."

Deferral of decision in the 271 case, Stott concludes, creates "a difficult position for an industry that has such tremendous financial obligations. However, the record in the case is not closed, and perhaps the Commission will make a prompt effort to determine a fair return."

WABCO Control: 4,462 ideas



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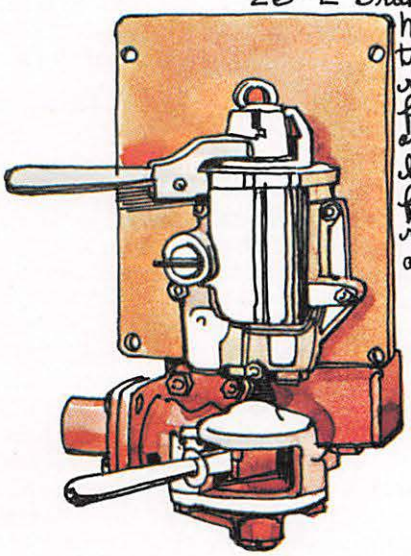

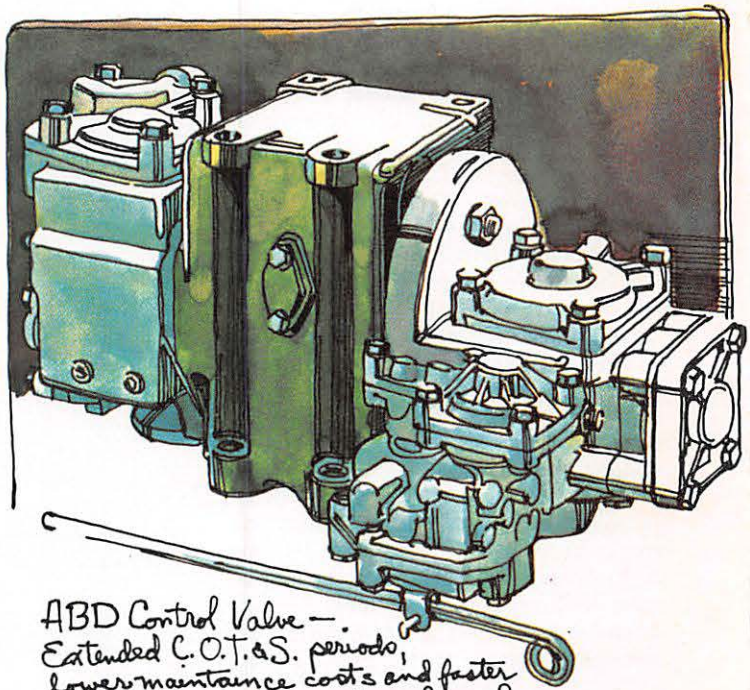

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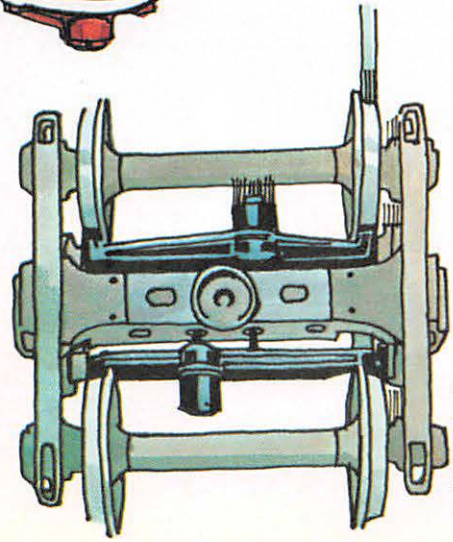

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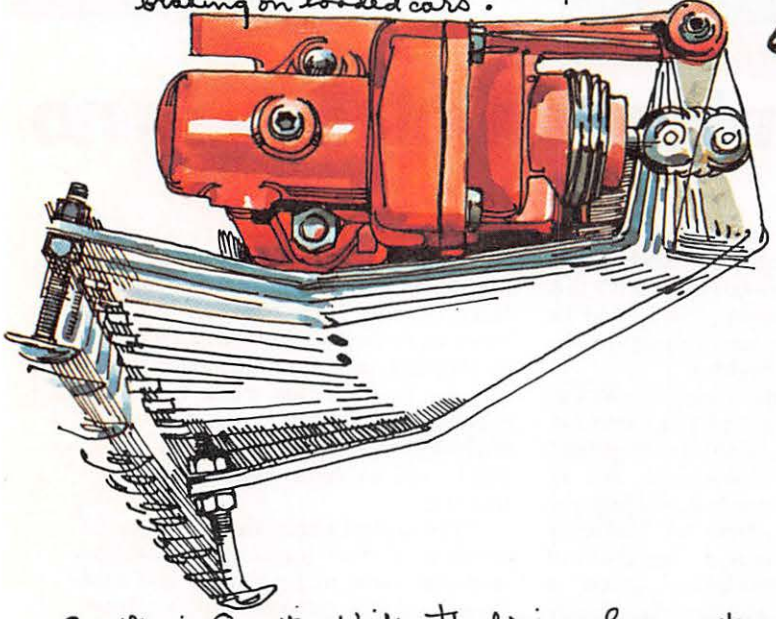

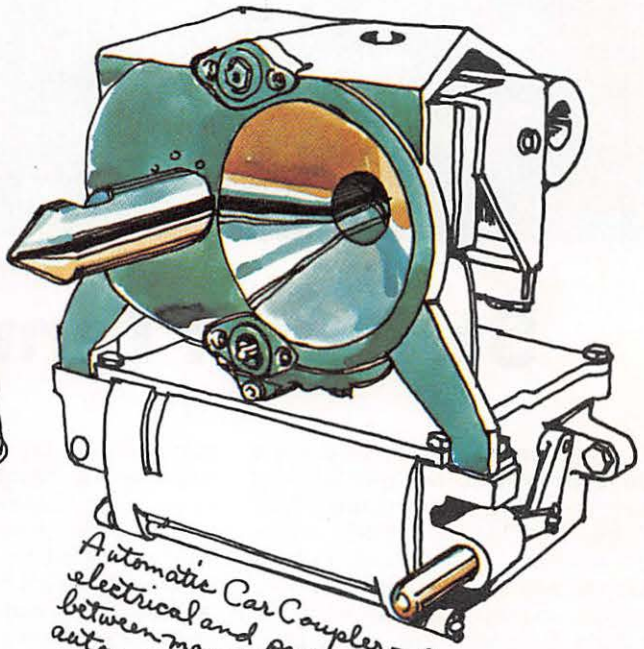

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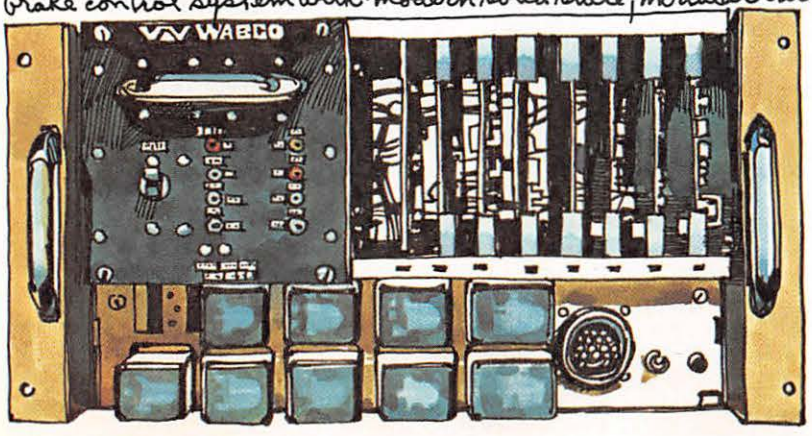

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St. Louis: Terminal efficiency is no

If you were to single out a single major metropolitan rail terminal and bestow upon it the dubious title "Most Difficult to Operate," your choice might well be St. Louis. And that's what makes the work of the Task Force on Terminals so important: If what the task force is trying to do in St. Louis can be made to work, then the chances are good that these changes will work almost anywhere.

The task force, a joint railroad/labor/government operation, got moving late last year (RA, Nov. 12, 1973, p. 40) with high hopes and a lot of ideas. What does the scorecard show now? It shows that (1) operational improvements *are* possible, and (2) management and labor *can* work together to make those improvements happen. To be sure, progress comes slowly—but it's coming.

Actually, the over-all task force is working in three areas. One is improvement in information flow, and the Chicago General Managers' Association CRTIS system is being used as the pilot project on this. A second is improvement in terminal facilities, and an engineering and feasibility study of the St. Louis terminal has now been presented to the task force. The third area—perhaps the most difficult to get organized and possibly the most extensive in scope—covers changes in rules, rates, regulations and agreements, and it's this one on which Missouri Pacific and its labor organizations are moving on the St. Louis Terminal Division.

● **Tests prove out.** Currently, MoPac has two experiments involving car movements under way, a third experiment not involving car movement also in progress, and six more in developmental stages. Vernon G. Dyer of MoPac is project director, Frank J. Zamarioni of the United Transportation Union is associate director, and thus far they're pleased with what the project has been able to accomplish. Vern Dyer explains:

"We're conducting two experiments involving the jurisdiction of seniority districts and the transferring of cars between yards and across the Mississippi River, in a terminal which has five switching seniority districts and four road-crew seniority districts.

"The first experiment involves the movement of cars between Ivory Yard and Lesperance Street Yard, a distance of about eight miles. The schedule rule provides that Ivory crews will make all transfers—Ivory being an industry-support yard with a minimum of classification for southbound trains. Lesperance Street Yard is the largest classification yard on the west side of the river. Due to the heavy industrial switching at Ivory, it had been necessary to take crews out of industry to make transfers, or to delay cars until some convenient time to perform this work. Since the experiment has been in effect, we have improved the handling of cars in industry and we have lessened car-detention time.

"The second experiment involves the handling of river transfers between the west-side yards of Lesperance and 23rd Street and the east-side yard at Dupo, Ill. The schedule rule here provides that 50% of all river transfers be made by Dupo crews and 25% each by Lesperance and 23rd Street crews. This antiquated rule was made in 1940, when most of the transfer work originated on the east side of the river at Dupo. But traffic patterns have changed, and river-transfer cars now predominantly originate at 23rd Street. Records of moves are maintained by local management and adjustments are made every 60 days. This rule has caused poor utilization of crews and power, congestion in the yards and delays to cars. The experiment provides for the unrestricted movement of the river transfers from

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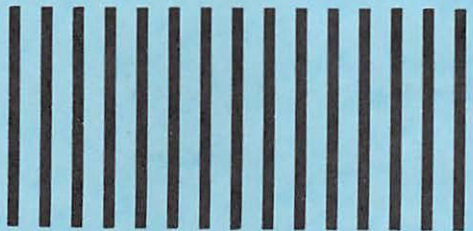

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RIVER TRANSFERS, between MoPac's west-side Lesperance and 23rd Street yards and an east-side yard at Dupo, Ill., have been governed by a 1940-established rule providing that fixed percentages of transfers be made by crews from each yard. The experimental program now in effect—as with this Lesperance-to-Dupo transfer—allows for unrestricted movement of yard-originated traffic.

ALL OF ST. LOUIS, it sometimes seems, is railroad—and railroad yards. That's why the industry is watching closely while the Task Force on Terminals, a joint railroad/labor/government organization, experiments with improvements designed to improve service while they create new business and better and more jobs.

"impossible dream"

the yard with the originating traffic."

● **TCS, modified.** In measuring the experiments involving movement of cars, Vern Dyer notes, "we're using MoPac's Transportation Control System. We've made some minor changes in our reporting system at St. Louis, and we've established a project data base. We're also using a Generalized Report Package (GRP) developed by McDonnell Douglas which is easily-learned and which reduces programming time with rapid, overnight turnaround. GRP permits us to select records, sort, tabulate and calculate, obtain format output records and print reports and save records for subsequent reporting. We're currently developing a report for the Terminal Task Force in connection with the measurement of car movements within the terminal and between terminals. The techniques developed will, we believe, be adaptable to the various reporting systems in use throughout the railroad industry."

The Dyer/Zamarioni group has also worked on experiments in areas which may contribute to car-delay even though they don't directly affect car movement:

"A safety/training experiment involving both labor and management is being implemented. We have employed a safety engineer who has been assigned to the project to assist in the development of a safety/training program. This experiment will be conducted through the life of the project, and we anticipate that we will produce a report that can be used widely.

"An experiment with per-diem costs on an hourly basis is being developed. There are a number of alternatives to daily per diem—for example, an eight-hour per-diem rate is being processed by an AAR committee. We have set up programs in our TCS for test evaluation of a change and in the near future we expect to actually run a test with another railroad on hourly per diem. In our analysis on MoPac, we've found that the interchange of cars between 4 p.m. and midnight indicates that a hell of a lot of cars are apparently being held for the midnight per-diem runs.

"We're also working on experiments for better utilization of maintenance-of-way forces and equipment with the establishment of a four-day, 10-hour-per-day work week. We're looking into a change in the handling of interchange traffic with the Alton & Southern from the west side of the river to the east side. We're studying a change in the operation of the so-called Chicago Train over the Terminal Railroad Association of St. Louis. We're looking into a change in local—road crew—and switch-engine jurisdiction for switching industry within the St. Louis terminal."

● **Coming up:** But what does Vern Dyer regard as a potential "most dynamic" experiment? Operation of a mini-piggyback train between St. Louis and Kansas City—not exactly an interminal project, but one that has been intriguing both management and labor people.

As Dyer points out, "We've made detailed cost analyses for the operation of a train or trains between St. Louis and Kansas City, 280 rail miles compared with 250 miles by Interstate highway. Trailer-count on the highway indicates that as many as 800 trucks are moving in each direction on certain days of the week. We've also made marketing studies in connection with the movement of trailers between the two cities. We find that there are a number of truck lines, cartage companies and consolidators who could use piggyback service if the price is right. And the energy crisis, with restricted speeds and high costs, may make the price right.

"The purpose of this experiment, of course, is to get into the truck market. Under normal operations and work rules, costs have made this business not just unprofitable but a loser all the way. But we may be able to experiment with reduced crew size, change in arbitrary allowances, extended mileage, use of the road crews to spot the ramp and so forth—in order to reduce costs and yet provide more and better jobs for the employees."

Two road-crew seniority districts and two switch-crew districts would be involved; the railroad would plan to start with a pilot train in each direction to test both operational efficiency and market desirability. Meetings on this one have been held with general chairmen in the operating crafts: "They are very much interested in a new train with new jobs."

What mini-piggy would involve, probably, would be a 12-car train which could be built upon in increments of six cars up to perhaps 24 cars. If the pilot operation worked out, frequency of operation could be increased to two or three trains each way daily. Success of the operation, Dyer's convinced, would depend upon reducing costs, providing a reliable and fast service and offering an attractive rate—keeping in mind that competing with trucks at a St. Louis/Kansas City distance is pretty tough on a cost/service/rate basis.

● **How to get involved.** How did MoPac and St. Louis get mixed up in such an experimental enterprise? It all started back in 1969-70, when the Labor/Management Executive Committee, with DOT/FRA participation, set up the

Install Sloan's new malleable iron angle cock.

4 more reasons

New Malleable Iron Body—far more resistant to impact failure than other designs using gray iron.

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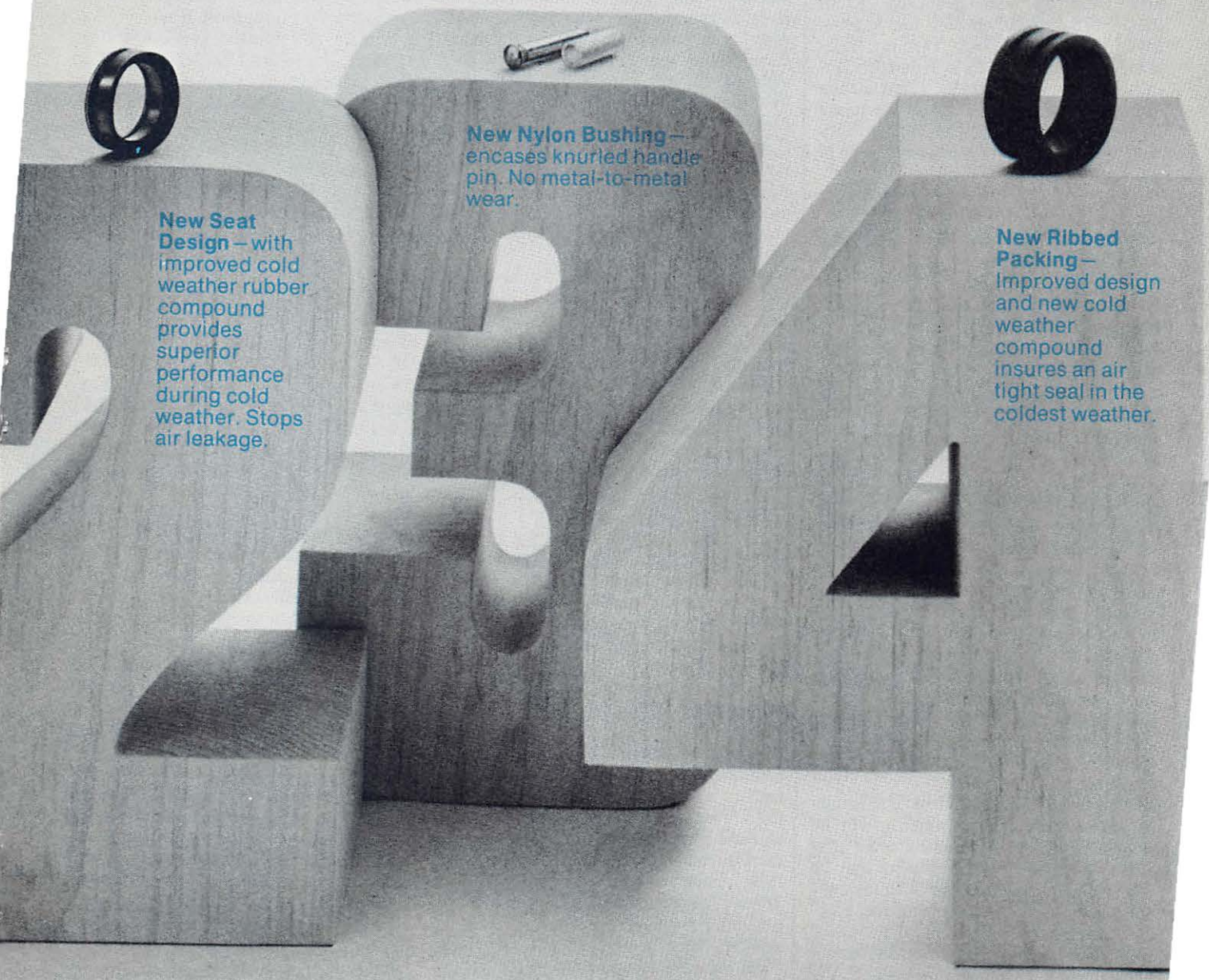
why Sloan offers pace-setting advantages.


New Nylon Bushing—encases knurled handle pin. No metal-to-metal wear.
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MEMBER RPI

First Quarter Figures of Calendar Year 1974

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Name of Road		Operating Expenses: Freight	Other	Total 1974	Total 1973	Maint. of Roadway and Structures: Total 1974	Total 1973	Deprec. and Retirements	Maint. of Equipment: Total 1974	Total 1973	Deprec. and Retirements	Traffic	Transportation	Total 1974	Total 1973	Operating ratio 1974	Operating ratio 1973	Railway tax accruals	Net Railway operating income 1974	Net Railway operating income 1973	New income 1974	New income 1973
Grand Trunk Western	3 mos.	25,030	1,387	26,417	27,668	3,323	3,570	257	3,721	3,554	134	504	12,940	22,445	21,903	85.0	79.2	3,145	(3,175)	(752)	(3,305)	(1,131)
Green Bay & Western	3 mos.	2,163	120	2,283	2,060	279	283	23	297	247	56	151	816	1,728	1,593	75.71	77.36	248	116	73	136	86
Illinois Central Gulf	3 mos.	125,823	11,568	137,391	126,857	19,615	17,282	1,549	22,528	19,929	4,489	2,890	57,532	110,551	95,421	80.5	75.2	12,599	2,335	12,237	1,313	9,395
Illinois Terminal	3 mos.	3,374	609	3,983	3,764	352	385	17	720	501	196	123	1,852	3,325	2,626	83.5	69.8	364	723	823	416	622
Kansas City Southern	3 mos.	29,280	2,259	31,539	29,416	4,281	3,464	255	6,077	4,408	1,280	1,017	12,437	25,180	21,301	79.8	72.4	1,936	133	2,184	(1,189)	1,021
Lake Superior & Ishpeming	3 mos.	196	430	625	532	339	246	88	479	341	191	8	439	1,405	1,042	224.5	195.8	196	(840)	(532)	(910)	(572)
Lehigh Valley	3 mos.	15,414	459	15,873	14,281	2,047	1,971	251	3,070	2,959	384	448	7,400	14,107	13,167	88.9	92.2	1,690	(2,565)	(2,849)	(2,797)	(3,384)
Long Island	3 mos.	2,424	23,825	26,249	17,501	6,705	4,095	537	8,944	6,465	1,294	200	21,194	42,875	29,986	163.3	171.3	3,435	(21,880)	(16,102)	(22,404)	(13,621)
Louisville & Nashville	3 mos.	135,097	4,156	139,253	118,271	17,741	16,407	1,509	25,254	21,910	7,624	2,552	55,948	107,909	92,637	77.5	78.3	13,874	10,541	8,235	7,856	4,403
Maine Central	3 mos.	8,264	202	8,466	7,718	1,632	1,503	93	1,821	1,545	318	137	2,976	7,085	6,452	83.7	83.6	904	990	819	870	529
Minneapolis, Northfield & Southern	3 mos.	1,091	107	1,198	1,423	118	164	15	187	164	54	140	378	978	1,019	81.6	71.6	186	8	98	46	117
Missouri-Illinois	3 mos.	2,000	99	2,099	1,904	235	194	9	726	742	431	60	519	1,641	1,493	78.2	78.4	640	1,200	1,019	965	782
Missouri-Kansas-Texas	3 mos.	22,475	1,470	23,945	21,986	2,823	2,470	264	3,077	2,830	334	997	9,719	17,666	15,777	73.8	71.8	2,109	(359)	280	(744)	(4,754)
Missouri Pacific	3 mos.	143,501	6,793	150,294	122,974	20,120	16,571	1,304	22,521	20,404	4,359	2,806	56,479	107,437	92,017	71.5	74.8	13,211	13,511	10,095	9,089	4,839
Monongahela	3 mos.	2,533	15	2,548	1,669	411	455	48	240	255	20	4	530	1,242	1,259	48.8	75.5	258	881	158	596	(402)
Norfolk & Western	3 mos.	217,733	8,157	225,890	207,286	22,985	21,330	3,068	39,437	38,048	13,220	4,507	84,193	161,817	148,880	71.6	71.8	25,916	30,503	30,691	35,973	21,726
Northwestern Pacific	3 mos.	3,023	18	3,041	3,176	1,334	997	63	369	283	3	12	1,121	2,957	2,464	97.2	77.6	375	(1,081)	(98)	5,640	(56)
Oregon Electric	3 mos.	1,492	132	1,624	1,461	231	186	2	46	47	—	9	734	1,082	1,034	66.6	70.8	190	(59)	(89)	15	11
Oregon Trunk	3 mos.	1,873	23	1,896	1,323	310	359	20	607	15	—	7	737	1,712	1,219	91.3	92.2	181	(233)	(173)	(226)	(164)
Penn Central	3 mos.	449,584	75,597	525,182	474,284	65,124	57,949	8,151	90,031	81,944	13,408	5,351	256,568	441,106	396,694	84.0	83.6	52,534	(42,407)	(31,346)	68,268)	(55,249)
Penn-Reading Seashore Line	3 mos.	2,359	391	2,751	2,577	666	650	—	332	352	27	16	1,935	3,091	2,882	112.4	111.9	332	(1,255)	(1,096)	(1,396)	(1,250)
Pittsburgh & Lake Erie	3 mos.	9,983	1,294	11,278	9,651	1,675	1,426	170	4,748	4,332	1,581	207	4,741	12,185	10,807	108.0	112.0	2,310	2,321	2,294	2,168	2,167
Reading	3 mos.	27,298	7,283	34,581	29,491	4,913	4,345	507	5,997	5,976	1,130	727	15,929	29,625	27,221	85.7	92.3	4,129	(2,666)	(3,668)	(3,703)	(4,662)
Richmond Fredericksburg & Potomac	3 mos.	7,319	799	8,118	6,875	732	552	120	913	909	290	132	2,044	4,370	3,808	53.8	55.4	2,129	1,335	1,506	1,779	1,759
St. Louis-San Francisco	3 mos.	64,377	3,647	68,024	62,389	8,886	9,185	662	9,278	9,803	2,521	2,089	27,716	51,117	48,487	75.1	77.7	6,458	5,006	4,531	2,543	1,891
St. Louis Southwestern	3 mos.	42,959	493	43,452	40,321	4,677	4,166	296	10,187	9,135	3,834	1,000	16,311	33,216	29,409	76.4	73.0	4,921	11,717	9,797	11,626	9,878
Seaboard Coast Line	3 mos.	161,055	6,317	167,372	152,884	21,674	22,482	1,681	29,483	27,742	7,038	3,266	64,319	124,627	115,625	74.5	75.6	15,404	13,734	9,873	12,420	12,017
Soo Line	3 mos.	44,521	1,061	45,582	40,919	5,049	4,662	367	5,918	4,766	1,161	963	15,572	29,138	25,686	63.9	62.8	7,180	5,579	6,621	5,468	9
Southern	3 mos.	202,487	9,378	211,864	190,056	35,326	30,936	4,031	33,661	31,628	10,569	3,749	65,847	148,966	132,992	70.3	70.0	30,624	27,819	24,431	19,507	18,310
Southern Pacific	3 mos.	296,623	9,738	306,361	277,825	42,036	36,587	3,108	55,597	52,864	15,333	4,913	124,433	244,827	221,900	79.9	79.9	31,243	8,538	13,717	7,450	9,590
Spokane International	3 mos.	1,839	33	1,872	1,807	181	206	14	29	17	2	6	499	747	614	39.9	34.0	593	411	571	412	570
Texas & Pacific	3 mos.	34,368	1,115	35,483	30,239	4,705	3,832	393	5,552	5,395	1,470	1,129	15,358	27,989	23,846	78.9	78.9	2,997	3,873	3,119	3,438	2,655
Texas Mexican	3 mos.	2,134	401	2,535	1,665	371	377	20	160	160	47	98	699	1,476	1,307	58.2	78.5	501	242	(13)	315	40
Toledo, Peoria & Western	3 mos.	3,261	229	3,490	2,963	455	328	18	309	297	68	244	1,252	2,508	2,215	71.9	74.8	364	201	157	183	145
Union Pacific	3 mos.	223,265	7,343	230,608	203,758	30,125	26,061	2,312	41,216	37,257	14,486	5,309	87,682	176,112	152,159	76.4	74.7	26,813	31,551	33,327	26,235	26,821
Western Maryland	3 mos.	15,850	1,092	16,942	12,913	1,548	1,897	200	2,519	2,730	811	427	6,246	11,606	11,192	68.5	86.7	2,520	2,595	800	2,096	(36)
Western Pacific	3 mos.	21,862	504	22,365	21,343	2,985	2,993	361	3,694	3,578	819	951	9,655	19,165	17,830	85.7	83.5	2,172	546	918	537	644
Western Railway of Alabama	3 mos.	2,028	26	2,055	1,341	228	158	38	260	205	65	70	848	1,506	1,077	73.3	80.5	231	62	32	65	26

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Terminal Task Force. In its studies, the task force looked at a number of situations causing traffic to be delayed because of poor operating practices, work-rule restrictions, government restrictions. Goals, objectives, guidelines were set up for a project which initially was to have a one-year run. The selected terminal, Vern Dyer explained recently to the American Association of Railroad Superintendents, "was to be representative of terminals throughout the United States."

In January of '73, the task force contacted all railroads, asking for terminal-project candidates. Twenty-five railroads acknowledged the offer, and nine locations were proposed. From these, three were chosen for a close look—MoPac's St. Louis Terminal Division, Southern Pacific's Houston Terminal and Southern's Chattanooga Terminal. MoPac's St. Louis Terminal Division got the nod, and MoPac President John H. Lloyd accepted the challenge.

Goals of the project, most simply put, are to:

—Provide increased service for rail customers.

—Generate new business.

—Reduce car-detention time and obtain better utilization of equipment.

—Create better and safer jobs for employees.

—Develop criteria for improving terminal performance which might be applicable throughout the industry.

Funding of the project is by labor, AAR, FRA and MoPac, with a 15-month budget now working. In the broad sense, however, economics—cost savings—don't now figure importantly in the experiments, and they hardly could since agreements provided that employees would be protected against loss. In that context, incidentally, a special claim-form was developed for on-project handling and an incremental operating fund was put into the budget to protect this expense. As of late June, the task force had received one claim—which the general chairman withdrew without discussion.

It will be months before the results of the St. Louis experiments will be known. It may be months after that before it's known what changes may be economically possible, for both management and labor. In the meantime, maybe Vern Dyer's assessment of the situation gives a clue: "My railroad career began when I was a timekeeper. I've been in engineering, and in the transportation department as trainmaster and superintendent. I've been in our information and control systems department as manager in the implementation of computer-oriented systems at our terminals, the TCS operation. I've found that my work with the task force is the most rewarding experience in my railroad career." ■

TRAFFIC POLL:

How shippers are reacting

How much traffic erosion will the railroads suffer as a result of the 10% rate hike that went into effect June 20?

None, as far as R.F. Treptow, general traffic manger of the H.D. Lee Co., a clothing manufacturer in Shawnee Mission, Kans., is concerned. "Everything else is going up too," he observes wryly. Similar comments came from exactly half of the 80 small, medium-sized and large shippers surveyed by Railway Age early in July—including Harold H. Plaut, a traffic manager for International Minerals and Chemical Corp. in Libertyville, Ill. ("Private trucks and barges are becoming more expensive, too") and C.C. Cory, manager-transportation pricing for Firestone Tire & Rubber Co. in Akron, Ohio ("Considering the approved increases for other competitive modes, we would not anticipate any significant changes").

The corporate traffic manager for one big shipper, W.L. Weart of Tee-Pak, Inc., Chicago, goes so far as to suggest that 10% might not be enough: "Even though I dislike paying 10% more on our freight bill, if it generates new equipment and better service, I am more than willing to pay the 10% increase—and we consider even further increases just and reasonable provided that they resulted in service improvements."

● **A hard look at alternatives.** But the other half feels differently. "We are planning and gearing up for a greater use of our private truck fleet. The expansion is already under way," says J. Robert Morton, vice president-corporate transportation, Combustion Engineering, Inc., Stamford, Conn.

H.W. Timmerman, manager traffic department, Zellerbach Paper Co., San Francisco, foresees "an increase in truckload shipments by irregular route common carriers." Robert F. Manning, traffic manager of Strathmore Paper Co., Westfield, Mass., warns that the increase "will force us into private carriage and the use of irregular route long haul common carriers." J.J. D'Arcy, general traffic manager of Congoleum Industries Inc., Kearny, N.J., is another who feels that the rate hike "will improve the position of the irregular route common carriers."

"I have already noted the trend toward more truck shipments," says Arthur C. Roy, general manager-traffic, of Pennsylvania Glass Sand Corp., Pittsburgh.

R.A. Penk, general manager-traffic and distribution planning, Continental Can Co., New York, is taking "a hard look at alternatives, including private carriage, considering total cost—i.e., transportation, packaging, handling, product scheduling requirements and service."

"We will endeavor to ship less transcontinental rail and more export as we are on water for off-shore loading; and we will use more motor carriage to short haul destinations," says Erwin Rosenzweig, general traffic manager, Longview Fibre Co., Longview, Wash.

William B. Smith, general traffic manager of Gambles, Minneapolis, Minn., plans to "lean harder on private carriage and piggyback Plan II½."

"More common carrier and private trucking" is in the future for Swift Fresh Meats Co., predicts General Traffic Manager W.E. Harvey.

R.E. Alexander, vice president of Pillsbury, Minneapolis, says "significant switches to private truck and barges are now being implemented."

Stanley Parker, traffic manager, Pacific Lumber Co., Scotia, Calif., sees diversion to trucks for shipments in the 500-750 miles range; Joseph R. Erwin, director of traffic, Joseph Schlitz Brewing Co., Milwaukee, says trucks will benefit in the 300-400 mile range.

● **Wait-and-see.** A number of shippers, while anticipating some diversion in the future, are right now at the wait-and-see stage. Kenneth W. Mueller, manager transportation services, Kraft Food Co. Division of Kraftco Corp., sees no effect on shipments resulting from the 10% increase "until such time as we have thoroughly reviewed rate differences rail vs truck. Another review will entail the possibility of extension of our private trucking fleets based at various locations."

Others are also watching trucking rates closely. The degree to which Hershey Foods Corp. will switch from rail to truck will depend, says General Traffic Manager Howard P. Gabriel on the action motor carriers take on rates. John A. Faller, general director of purchasing and traffic for Libbey-Owens-Ford, Toledo, sees "diminishing tonnage via carload and piggyback—at least until motor carrier rates are increased comparably."

At least two shippers see water carriers benefiting from the railroad increase. "More shipments will be made via coastwise water due to the wide rate disparity," says L.C. Philips, traffic manager, Riviana Foods, Houston. Traffic Director William Linton of Granite City Steel, Granite City, Ill., is already diverting "substantial steel tonnage to water."

to the 10% rate hike

RAILWAY AGE ASKED 80 SHIPPERS:

1. Do you anticipate that, in the second half of 1974, you will offer railroads:
   - 31% More freight than in the comparable 1973 period?
   - 18% Less?
   - 51% About the same?

2. Are you currently (early-to-mid-July) experiencing serious car-supply problems?
   - 44% Yes
   - 56% No

3. What effect, if any, do you anticipate that the recent rate increase will have on your company's shipping patterns?
   (See text)

4. The ICC specified that revenues accruing from the Ex Parte 305-A increase must be spent on capital improvements, deferred maintenance, and compensating for higher costs of materials and supplies, excluding fuel. What single improvement would you like most to see emerge from the expenditure of these funds?
   - 22% More freight cars
   - 3% More motive power
   - 8% Terminal improvements
   - 58% Roadway improvements
   - 6% Improved car repair
   - 3% Improved car utilization

● **The rest of '74.** Widespread discontent with the rate increases doubtless is responsible for the fact that only 31% of the polled shippers anticipate that they will be offering railroads more traffic in second-half 1974 than in the comparable period last year—though 73% of shippers polled seven months ago foresaw increased rail shipments (RA, Dec. 31, 1973, p. 18). Another factor is, of course, the flattening out of the economy that now appears to be taking place.

However unhappy they are with the higher charges, most shippers are at no loss for ideas as to how the additional revenues accruing to railroads—about $1.25 billion a year—should be spent. The ICC, in approving the increase, ordered that the proceeds should be spent on capital improvements, maintenance, or to compensate for higher costs of materials and supplies, excluding fuel. Railway Age asked shippers for their own list of priorities. More than half thought the most urgent need was for improved roadway—a departure from previous surveys, when the almost ritualistic chant from 9 out of 10 shippers has been "more cars." But today car orders are high, car shortages are comparatively low—and slow orders are frequent. A sampling of most-urgently-needed-single-improvement comments:

"I don't see how you can separate maintenance of roadbed and car supply. Deferred maintenance results finally in derailments and slow orders and thus directly affects car efficiency and car supply. What good will it do for the PC, for example, to have 1000 new cars if the use of them is lost due to slow orders and derailments? Fix the roadbed, repair the bad orders and place new cars in service."—C.W. Hill, director of transportation, Armco Steel Corp., Middletown, Ohio.

"The most logical single improvement we would expect to see is better service. Our definition of service includes car supply of the type and ownership required spotted on track when needed, the ability to automatically obtain a current record of any car without contacting a sales office, in addition to the usual meaning of consistent and reliable movement through yards and over the road."—E.B. Kelsey, traffic manager-rail service, Container Corp. of America, Carol Stream, Ill.

"Upgrade roadbeds, ties, rails under mainline freight traffic lanes to eliminate all the costly, wasteful derailments which have been occuring."—Dana Throckmorton, traffic manager, Federal Warehouse Co., Peoria, Ill.

"Better yard facilities and service between connecting lines. This would mean faster turnaround for both loaded and empty equipment."—Vern W. Willd, traffic manager, North Dakota Mill & Elevator, Grand Forks, N.D.

"Upgrading and restoring track and right-of-way facilities in order to provide required service and to do so with a reasonable level of dispatch. If track condition is improved, loss and damage factors should decrease."—Warren McFarland, traffic supervisor, First National Stores, Inc., Somerville, Pa.

"Improvement in yard handling facilities to speed up service."—Larry W. Smith, manager traffic, Upjohn Co., Kalamazoo, Mich.

"Larger pool of open top hoppers."—John N. Myers, traffic coordinator, Southwestern Portland Cement Co., El Paso, Tex.

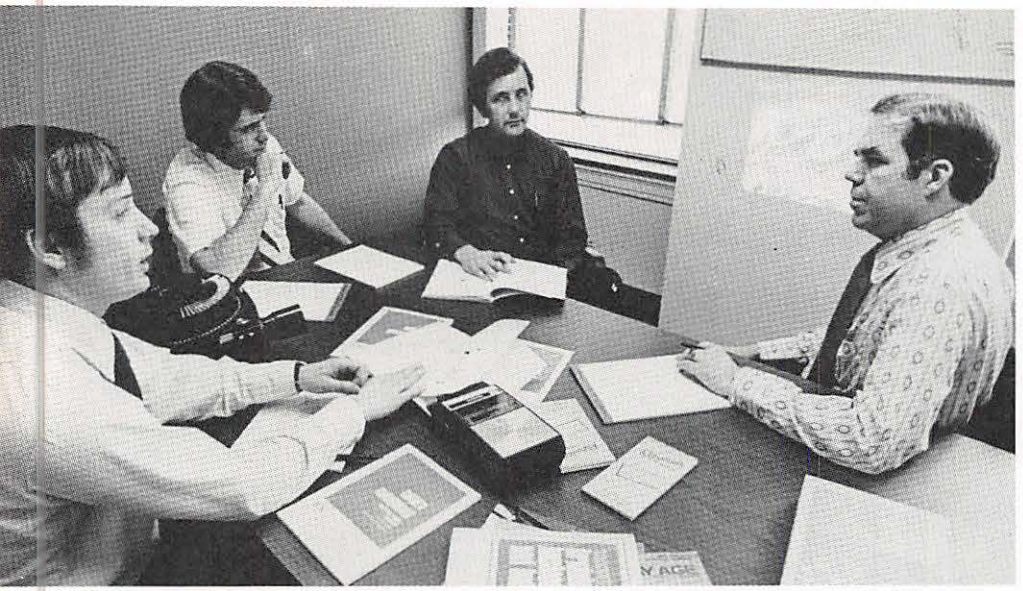
"Increased supply of open top hoppers and gondolas—the new revenue they generate could then be used for deferred maintenance."—Arthur M. Ribe, director of transportation, Vulcan Materials Co., Birmingham, Ala.

"Improved car control and utilization including lading protection."—R.E. Alexander, vice president, Pillsbury, Minneapolis, Minn.

"Improved maintenance of existing rail cars. Many cars now received at our plants are in dire need of repairs to the car lining or compartment doors. Often our plant warehouse crews are reluctant to release empties, but instead do needed repairs."—P.J. Sullivan, director of distribution, Gerber Products Co., Fremont, Mich.

"More trailers and flats for TOFC."—J.T. McHugh, assistant traffic manager, Brown-Forman Distillers Corp., Louisville, Ky.

"An improvement in the condition of general purpose box cars. When we think we have enough cars to load because of quantity, we fall short because of quality."—Gary Schneider, traffic manager, Krause Milling Co., Milwaukee, Wis. ■



THE EMPHASIS is on informal give-and-take in a small-seminar atmosphere in the management-training effort under way on Soo Line for the past six years. Soo went outside for texts and course outlines (to ICS) but handles the actual training and testing on an in-house basis.

Soo's in-house training gets bottom-line results

Different railroads follow different courses in that broad—and sometimes vague—area known as "management training." Some elect to do much of it in-house. Some send platoons (or squads) of up-and-coming people to a variety of management/business schools—Harvard, Yale, Stanford, Southern Cal and more—for long and/or short periods of training. Some vote for an in-house approach—with outside help: Soo Line has been one of those.

In 1968, Soo hooked up with the Training for Business and Industry Division of International Correspondence Schools—and, from all indications, the resulting programs have had an effect which can be measured on the bottom line. Soo has had cost savings which are regarded as a direct result of "homework assignments in cost-reduction analysis assigned to Soo supervisory personnel, from shop foremen to assistant vice presidents who have been enrolled in the management-training seminars."

● **Post-merger problems.** Soo Line, as formed in a three-road merger in 1961, had a few management problems: Just one was the fact that a good number of management people would be retiring within a short time-span. What was needed was a broad program—one that could be of value to the railroad and to (1) the new graduate with his master's in business administration in, say, the accounting department, and (2) the foreman who might have treasured a high-school diploma 30-or-so years ago. What was also needed was a program that could have worth for the person who could not take a lot of time away from his basic job—a field salesman, for example, or a high-level officer.

Nels Hickman, director-training and personnel development, sums it up: "We needed an extremely flexible program, one that could appeal to the wide range of talents and interests on a railroad, and one that would not upset work schedules. At the same time, we could not afford much lead-time to develop a program on our own, and we certainly could not afford full-time training consultants to conduct courses for several hundred management people. Above all, we wanted a practical course, not just academic theory—a course, in other words, that would produce tangible results, results evident on the bottom line."

Gil Gillette, assistant vice president-transportation group, puts it another way: Railroads, he notes, have in fact been building a good mix of veteran railroaders and new college graduates, but, "while college is a great place for background, it's a terrible place for pragmatics, especially in college transportation courses. Railroads need blue-sky thinkers, we need imagination, we need to do things differently from how we've been doing them for the past 100 years or so. But in our business, the academicians have to be brought down from the sky. We need their imagination. But it must be applied imagination."

● **What it is—and what it has done.** Since '68, when the ICS program was brought on the property, more than 300 persons have gone through it, working through six tests and through 10 four-hour seminars on such topics as problem-solving, employee relations, communications, planning and control, motivation, work-simplification and cost-reduction.

Nels Hickman will peg the results as impressive, in terms of both personal development and savings for the railroad. Projects in cost-reduction alone, he says, have produced savings of $1 million. Among the examples:

—A transportation-department supervisor enrolled in the course applied cost-reduction techniques to locomotive utilization. In equipment costs and crew-time terms, the project brought savings of $260,000 a year.

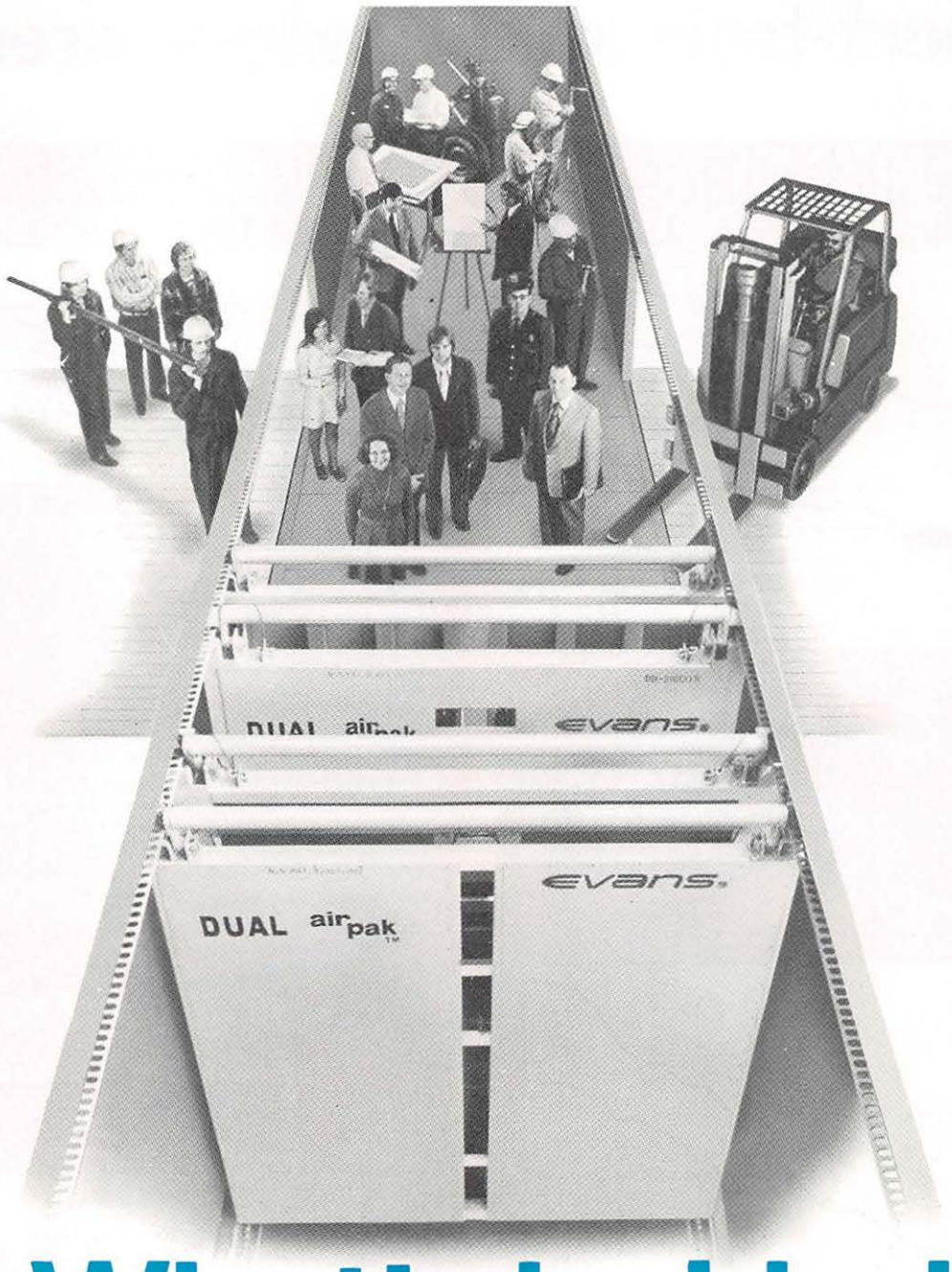
—A trainee developed a $40,000-a-year saving by devising a system for cutting losses on lost or misplaced tools.

—Other projects involved a more efficient way of coopering grain cars, a new way of coping with washouts and derailments, a more productive use of wheel-truing equipment in the diesel shop, and improvements in the air-brake shop.

There have also been less-measurable benefits, according to Soo. A shop foreman notes that "Once I began implementing a new idea in the shop, the men started to approach me with ideas of their own on how a job might be done more efficiently. This has helped morale quite a bit, because everyone is now working to find a better way of getting the job done."

Gene Henkel, manager of shops at Minneapolis, builds upon that view: "An interesting by-product of the program, and something we really didn't expect, is the way in which the program has strengthened the relationship between management and the unions... Union representatives, now that they've taken the program, have a better appreciation of management's responsibilities. They see the whole picture."

Or, as Gillette says, the Soo's ICS training program can "take a veteran line operator who has been making decisions, important ones, all his life intuitively, and enable him to make future decisions logically. He can now better assess the facts of the situation and infer a logical solution, not just depend on his gut reaction. And he can do that with a proper perspective on corporate objectives. Perhaps even more importantly, he has a greater understanding of how to manage people—and that, I think is what has really contributed to the success of the program." ■



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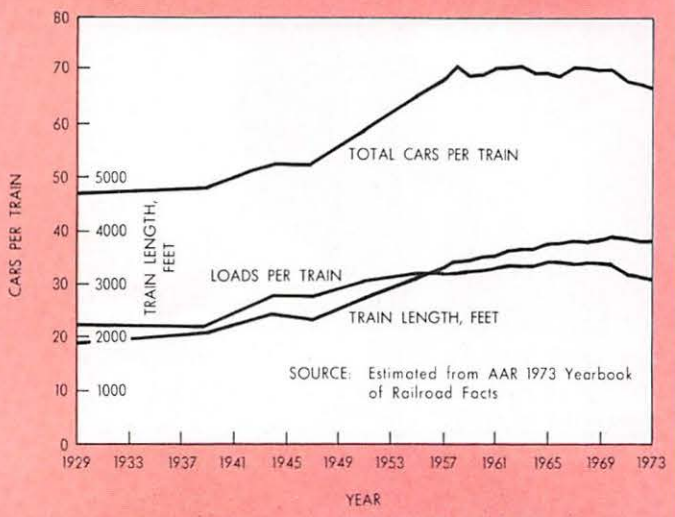
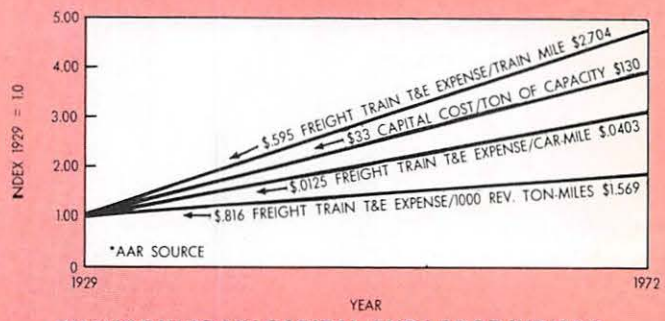
Short-train study underscores need



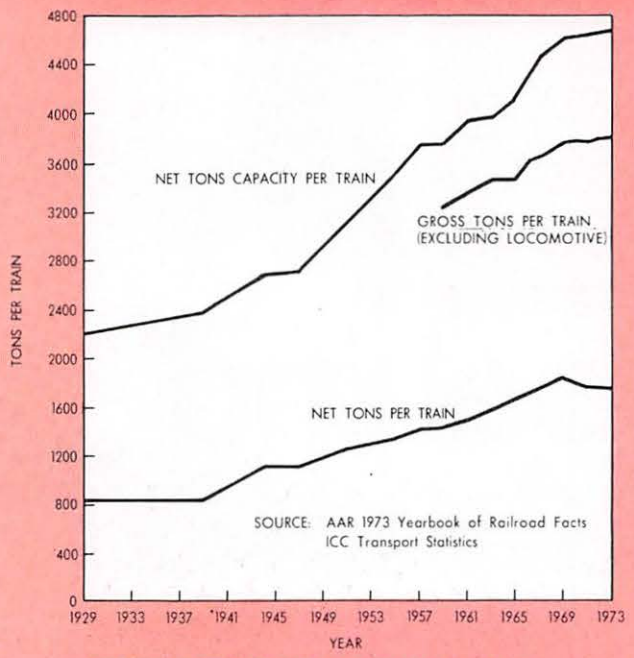
HISTORICAL CHANGES IN TRAIN SIZE

What's happened to train size over the years? It peaked in 1962 and 1967, at 70.5 cars, and then has slowly dropped to an average of 67 cars per train last year. Meanwhile, as the length of the average car increased, so have train lengths, also peaking in 1970. Revenue loads as a percentage of total cars in the average train? That figure has held relatively steady, at just under 50%.


INDEX 1929 = 1.0
$.595 FREIGHT TRAIN T&E EXPENSE/TRAIN MILE $2.704
$33 CAPITAL COST/TON OF CAPACITY $130
$.0125 FREIGHT TRAIN T&E EXPENSE/CAR-MILE $.0403
$.816 FREIGHT TRAIN T&E EXPENSE/1000 REV. TON-MILES $1.569
*AAR SOURCE
YEAR

CHANGE IN TRAIN CAPITAL AND LABOR INDICES

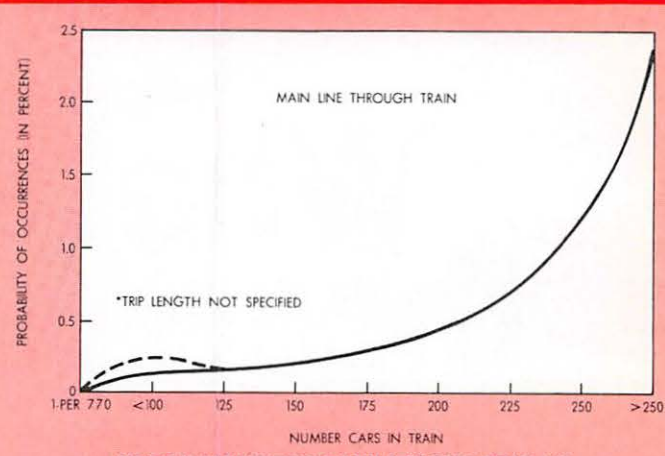
Since 1929, what changes have taken place in operating indices? The study indicates that "although total freight-train-and-engine labor costs per train-mile have increased nearly five-fold since '29, improvements in freight-train productivity, longer trains and more cars, have reduced the increase to a factor of three when measured on a car-mile basis. When measured in terms of revenue per net ton-mile, t&e labor costs have only doubled. This relationship, probably the most appropriate measure of the productivity of freight-train labor, is significantly lower than the 4.3-multiple increase of equipment capital costs during the period. One ton of freight car capacity costs the railroad about $25 per year—$12 depreciation plus approximately 10% in opportunity costs, or $13. One ton of capacity generates about 7,780 revenue ton-miles per year. With 1974 t&e expense estimated at $1.569 per 1,000 revenue ton-miles, annual t&e cost per ton of capacity is about $12."


TONS PER TRAIN
NET TONS CAPACITY PER TRAIN
GROSS TONS PER TRAIN (EXCLUDING LOCOMOTIVE)
NET TONS PER TRAIN
SOURCE: AAR 1973 Yearbook of Railroad Facts
ICC Transport Statistics
YEAR

FREIGHT TRAIN TONNAGE UTILIZATION

Net tons per train increased by 126% from 1929 to 1970, while train capacity went up by 112%. But in 1929, 36% of a train's available tonnage was utilized, compared with just 38% in 1973. In '29, the average train had 1,400 tons of unused tonnage capacity at a capital investment averaging $33 per ton; in '73 the average train had over 2,900 tons of unused capacity at an average capital investment of $130 per ton.

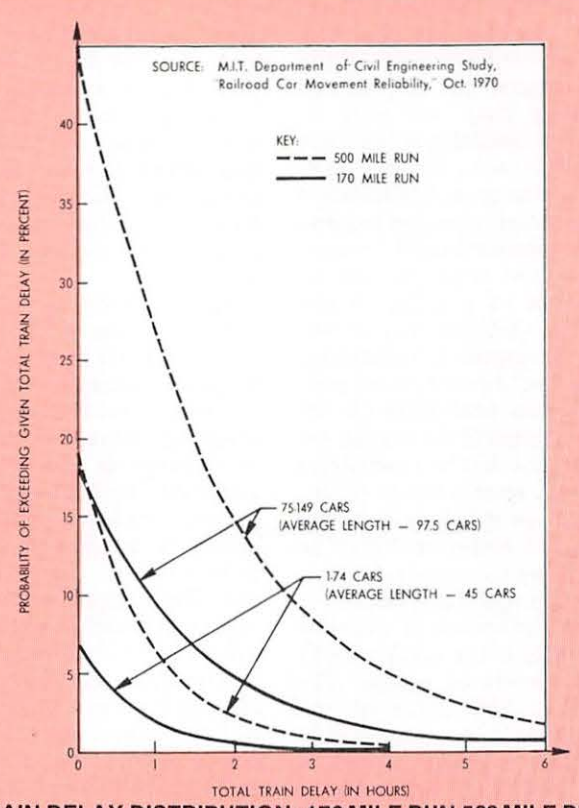
"It is difficult to make a conclusive case. . . ."



DERAILMENT PROBABILITY PER TRIP AS FUNCTION OF TRAIN LENGTH NON/TRACK CAUSES

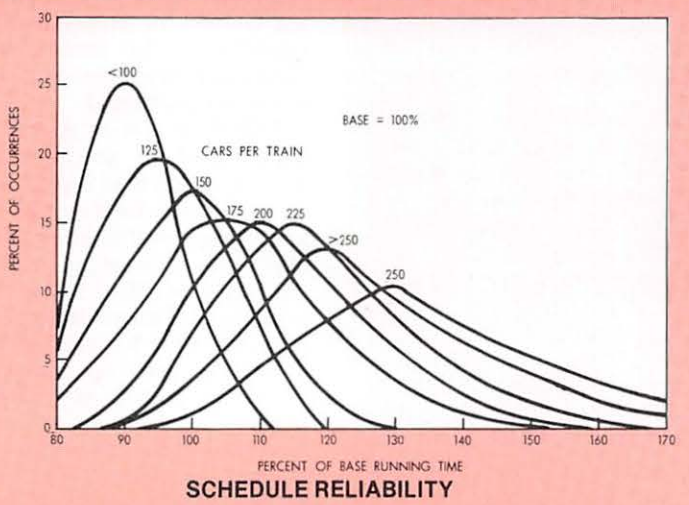
An eastern railroad's study of non-track-caused derailments indicates that longer trains have a greater probability of derailment "and that beyond 150 cars, derailment probability increases at an accelerated rate." (The dash-line at the lower end of the curve represents the influence of short, heavy trains—primarily coal—and illustrates that weight also increases the probability of derailment.)

for better economic yardsticks


SOURCE: M.I.T. Department of Civil Engineering Study, "Railroad Car Movement Reliability," Oct. 1970
KEY:
500 MILE RUN
170 MILE RUN
75-149 CARS (AVERAGE LENGTH — 97.5 CARS)
1-74 CARS (AVERAGE LENGTH — 45 CARS
PROBABILITY OF EXCEEDING GIVEN TOTAL TRAIN DELAY (IN PERCENT)
TOTAL TRAIN DELAY (IN HOURS)

TRAIN DELAY DISTRIBUTION: 170 MILE RUN 500 MILE RUN

A 1970 M.I.T. study looking at train delays over a 170-mile haul and a 500-mile haul was cautious concerning the reliability of data used. But it seemed to show that train length has a greater impact on total delays than does distance.



SCHEDULE RELIABILITY

That same eastern railroad looked at schedule performance as related to train size and found that "trains of under 100 cars generally made schedule, at 90% of scheduled elapsed running time, with a relatively small deviation from standard performance. Lengthy trains, however, consistently required longer running times, even for the same horsepower per gross ton, and deviated much more from standard."

Should railroads be operating fewer long trains and more short trains?

Would it be in the railroads' best interest to operate fewer long trains and more short trains?

It both cases, the answer is "Maybe." And it comes via a study on the economics of short trains, done principally by Robert H. Leilich, senior consultant with Peat, Marwick, Mitchell & Co. in Washington. But, while Leilich concedes that "the most significant conclusion reached is that there's a need for a more sophisticated methodology to evaluate the economics of train size," the study does make a number of findings relative to freight-train operation:

—The annual capital cost of providing equipment has increased at twice the rate of freight-train labor expenses, "as measured in terms of revenue per ton-mile."

—The average ton of freight-car capacity costs about $25 a year in capital and opportunity costs, plus about $12 in labor expenses.

—Mainline operating practices "should focus on maximizing profit opportunities, not on either minimizing linehaul cost or maximizing revenue. It's a classical economic problem for which no methodology or answer now exists and for which relationships are relatively unknown or difficult to measure. But a methodology can be developed and answers can be found to resolve the conflict between operating and traffic departments, with a very positive and substantial financial impact on the industry."

—Because of varying assumptions, policies, costing approaches and so forth, "it is difficult to make a conclusive case for short or long trains for a given situation."

—"Train length, by itself, appears to be a material contributor to poor freight-train schedule performance. In general, this relationship or contribution increases geometrically with arithmetic increases in train length."

—The probability of and severity of train accidents or derailments "also increases geometrically with arithmetic increases in train length. Although the severity of train derailments correlates more closely with train weight, for a given speed, train weight is generally a function of length except for such specialized operations as coal unit trains."

—While the per-car cost of operating short trains increases rapidly as train size decreases, "there are several cost decreases that are wholly or partially offsetting, including intermediate-switching costs, origin/destination costs,

"There is a vital need for a universal methodology for evaluating the economics of shorter and longer trains"

freight-train car costs, loss-and-damage claims, accident costs. Further, new traffic may contribute to a higher level of profit in spite of lower margins."

—The economy of the short train "is not necessarily restricted to short hauls. While short trains operated over short distances incur the smallest cost penalty per car, the penalty is the largest in terms of percent increase in costs. The reverse is true for short trains operated over long distances."

—On short hauls, "the economics of short trains are more greatly influenced by the ability to reduce origin/destination freight-train car costs. For longer hauls, the ability to reduce intermediate switching is a more important factor."

—"*Prima facie* evidence of higher operating costs for short train operations does not mean that short trains are uneconomic. The reverse may be true, if it can be demonstrated that short trains bring in more revenue."

—Individual railroad studies "suggest that unless railroads can substantially reduce the cost of t&e labor per train-mile, it's unlikely that broad application of a short-train strategy would decisively improve the railroads' financial position. The very difficulty of determining whether short trains are justified strongly suggests that the real tradeoffs for a broad range of traffic are probably very nearly balanced. Thus, unless railroad labor contracts change significantly, it's likely that motor carriers will retain most high-value traffic."

—Several railroads "have experimented with short-train operations, some as a general operating policy and others for specific applications. Many of these trains have proven to function well and to make good economic sense. In some cases, they have provided additional profits from existing businesses. In others, they have been the principal tool with which to solicit and develop selected new business, often from motor-carrier competition."

—In view of the energy crisis, "the short train has a distinctive place in spite of its greater fuel requirement for a given volume of traffic. The advantage comes with a recognition that only the short train can provide competitive service. Compared with the motor carriers' thirst for fuel, fuel requirements for short-train operations are still greatly lower per net ton of freight handled. The energy crisis is a good reason why the railroad industry should capitalize on the opportunity to run short trains for the deliberate purpose of soliciting and winning high-revenue traffic away from the motor carriers."

● **Conflicts to be resolved.** Leilich points out that "The dilemma of railroad mainline operating practices centers on resolving conflicts between service and cost, between the tangible and intangible. Basing train size only on tangible or visible operating-cost factors is likely to result in suboptimum operating policies and strategies. Optimization of mainline operating practices requires consideration of service factors—intangible costs that most roads do not attempt to measure or quantify in any meaningful way. Consideration of service factors is equivalent to recognizing the well-established discount-store philosophy that greatest profitability is not achieved by maximizing the margin between price and cost but by maximizing the product of margin-times-volume. Thus, for a given price/rate, higher quality/service and higher cost may be more than offset by increased sales/traffic—up to a certain optimum point.

"The present unknown in mainline operating strategies is the cost elasticity of incremental levels of service. The question then is, Will improved service—at a higher cost—increase car utilization, traffic and revenues enough to improve total profits? Or, can profits be increased by improving capital utilization at the expense of labor productivity? Can the short train justify higher rates?"

How to get your own copy of "Economics of Short Trains"

"Economics of Short Trains" is an outgrowth of research undertaken for the American Association of Railroad Superintendents, in conjunction with a workshop at the AARS 1974 annual meeting.

Contributors to the study included E.J. Currie, superintendent, Burlington Northern; W.R. Ernst, consultant, Wyer, Dick & Co.; C.L. Longworth, senior transportation analyst, Southern; H.S. Meislahn, manager-strategic planning, Illinois Central Gulf; C.R. Rose, assistant general manager, Santa Fe; and W.S. Weber, director-transportation, California State Transportation Board. Copies of the complete report are available at no charge from Robert H. Leilich, senior consultant, Peat, Marwick, Mitchell & Co., 1025 Connecticut Avenue N.W., Washington, D.C. 20036.

Railroads, Leilich says, "must be selective in answering these questions. Short coal trains do not make economic sense. Neither do 150-car trains of auto parts, forwarder traffic, white goods or other high-revenue traffic. But where is the line drawn for other commodities? What effect does the addition of service factors have on train length and profits? How can we develop and implement a policy that produces the greatest profit?"

In the study, a "short train" was defined as one of 40 to 75 cars, of 2,500 to 3,500 gross trailing tons. What it shows, according to Leilich, is that "economic justification can be made for operating trains with as few as 50 cars or as many as 150. Given the present analytical methodology within the industry, however, optimum train size cannot be determined—even for specific point-to-point operating situations—since wide-ranging assumptions, policies, costing approaches and so forth bear so heavily on the outcome."

The study fixes 15% to 20% of total railroad costs as "attributable to direct, variable, above-the-rail operating expenses for moving trains between yards and terminals. These include only train labor, fuel and equipment costs and the costs of locomotive maintenance and repair, dispatching and supervision. For a given volume of traffic, the only controllable expenses are train labor, controlled by varying train size; some locomotive-related expenses, by varying the amount of power used; and some capital costs, by altering transit time, car utilization and hence capital cost per ton of freight carried.

"Of these cost categories, only labor lends itself to precise measurement. Because labor is so highly visible, there is a tendency to minimize it by operating longer trains, since the total variable costs incurred by longer trains are not easily identified. But to examine the economics of short-train operation, cost increases must be weighed against cost decreases, and operating economics must be related to marketing economics."

● **What factors need study?** Although a number of roads have made various studies of short-train advantages and disadvantages, Leilich believes, "Review of work in this area leads to one major conclusion: There is a vital and demonstrated need for the development of a thorough, flexible and universal methodology for evaluating the economics of shorter and longer trains. Such an undertaking is vital to the establishment

(Continued on page 43)

People in the News

ASHLEY, DREW & NORTHERN.—**Phillip H. Schueth** named general manager, Crosset, Ark. Mr. Schueth was formerly assistant superintendent, **Illinois Central Gulf,** Jackson, Miss.

ASSOCIATION OF AMERICAN RAILROADS.—Retired **Maj. Gen. James A. Bailey** elected vice president, management systems, AAR, Washington. Prior to his retirement from the Air Force in May, Gen. Bailey was comptroller, Air Force Logistics Command, Dayton, Ohio, and was manager of all data processing equipment utilized by the Logistics Command. **Robert B. Curry** will continue with the AAR as a special assistant to the president on management systems problems.

William T. Kane appointed tax counsel. Mr. Kane has been a member of the professional staff of the House Committee on Ways & Means since 1969.

BANGOR & AROOSTOOK.—**Owen H. Bridgham,** administrative assistant, elected vice president-finance, Bangor, Me.

BURLINGTON NORTHERN.—**R.O. Hammerstrom,** superintendent, Portland division, transferred to the Spokane division, to succeed **J.G. Heimsjo,** retired. Mr. Hammerstrom's successor is **J.G. Edwards,** superintendent, Montana division, who in turn is succeeded by **T.W. Mackenroth,** transferred from the Pacific division. **D.H. Burns,** superintendent, Rocky Mountain division, replaces Mr. Mackenroth, and in turn is replaced by **E.J. Currie,** terminal manager, Minnepolis. **W.A. Hatton,** director, operations control center, St. Paul, succeeds Mr. Currie. **William J. Dick,** terminal trainmaster, Cicero, Ill., named Hannibal division trainmaster, Hannibal, Mo.

Charles H. Wulff, director of pricing, grain and grain products, appointed assistant vice president, food and agricultural products.

CAMBRIA & INDIANA.—**Robert N. Young,** assistant general manager, promoted to general manager, Ebansburg, Pa., succeeding **S.B. Dixon,** named superintendent, **Conemaugh & Black Lick,** Johnstown, Pa.

CANADIAN NATIONAL.—**Keith E. Hunt,** chief operating officer, Montreal, appointed vice president, Great Lakes Region, Toronto, Ont.

Charles F. Armstrong, vice president-management services, Montreal, appointed vice president, Mountain Region, Edmonton, Alta., succeeding **J.H. Spicer,** named system vice president-planning and administration, Montreal.

Wes Kelley appointed regional manager public relations, Atlantic Region, Moncton, N.B., succeeding **D.V. Lacombe,** retired. **John Gibson,** assistant manager of public relations, Atlantic Region, named manager of employee communications, Montreal.

Keith E. Hunt
CN

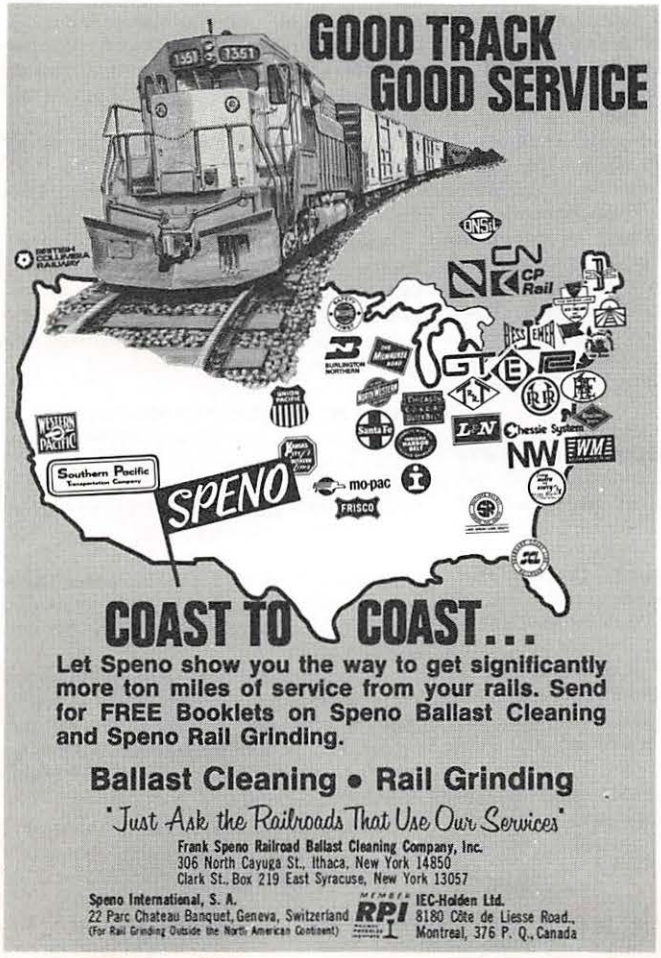
Chas. F. Armstrong
CN

CP RAIL.—Is attempting to establish a closer working relationship with the Atlantic provinces through appointment of **D.E. Baker** to the newly created position of sales manager, Bay of Fundy ferry service, St. John, N.B.

CENTRAL VERMONT.—**John J. Burns** appointed controller and **Fred M. Campbell,** assistant controller, St. Albans, Vt. Mr. Burns was formerly director of management control systems. **Burlington Northern.** Mr. Campbell was assistant manager of budgets, **Grand Trunk Western.**

CHESSIE SYSTEM.—**John T. Ford, Jr.,** vice president-finance, Cleveland, named senior vice president and will remain in charge of the finance department.

Carl C. Hawk, general manager-financial planning, Cleveland, appointed assistant vice president, finance department. **Bruce G. Lawler,** comptroller, named assistant vice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A.M. Daniel
SCL-L&N

R.W. Stumbo, Jr.
WP

Carl D. Wright
WABCO

R.B. Oppenheimer
North American Car

Charles D. Vogt
ISCO

president and comptroller, with headquarters as before at Baltimore. **Lester C. Roig,** treasurer and assistant secretary, Cleveland appointed assistant vice president and treasurer.

CONEMAUGH & BLACK LICK.—**S.B. Dixon,** general manager, **Cambria & Indiana,** Ebensburg, Pa., named superintendent, **Conemaugh & Black Lick,** Johnstown, Pa., succeeding **Edwin J. Erikson,** promoted to superintendent, **Patapsco & Back Rivers,** Sparrows Point, Md.

DELAWARE & HUDSON.—**Arthur F. Beyer** appointed district sales manager, Buffalo, succeeding **Harry E. Andrews,** retired.

DENVER & RIO GRANDE WESTERN.—**F.S. Pruente** appointed manager intermodal sales, Chicago. **D.J. Leffingwell** named regional manager-sales, Southfield, Mich.

DEPARTMENT OF TRANSPORTATION.—**C. Kenneth Orski** appointed Associate Administrator, Office of Program Planning, Urban Mass Transportation Administration.

DETROIT & TOLEDO SHORE LINE.—**F.R. Bette,** traffic manager, elected vice president-traffic, Detroit. **Gordon L. Parr** named district sales manager, Detroit.

DETROIT, TOLEDO & IRONTON—ANN ARBOR.—**Michael J. Barron** elected vice president-marketing, Dearborn, Mich., succeeding **Richard B. Wright,** who retired in May after 38 years with the Pennsylvania and DT&I. Mr. Barron formerly was assistant vice president market development, **Burlington Northern. George A. Petersen** appointed regional sales manager and **Robert S. Klan,** district sales manager, Dearborn. **Joseph F. McDonnell** appointed district sales manager, New York. **John C. Singer** named regional sales manager-automotive, Dearborn.

R.G. Lipmyer, superintendent special equipment, Dearborn, appointed assistant chief mechanical officer.

EASTERN RAILROAD ASSN.—To coordinate inspection and damage prevention services, the following positions have been created: **J.D. Van Note,** general manager, inspection services; **B.M. Oliver,** assistant general manager, inspection services; **J.D. Brigham,** director, damage prevention services; **F.H. Hendrell,** director, Eastern Weighing & Inspection Bureau; **R.A. Clark,** manager, Eastern Weighing & Inspection Bureau; and **T.J. McKenna,** director, Railroad Perishable Inspection Agency.

FAMILY LINES SYSTEM.—**Chester R. Lapeza,** vice president-operations, **Seaboard Coast Line,** Jacksonville, elected executive vice president, **Louisville & Nashville,** Louisville, Ky., succeeding the late **Donald D. Strench. James B. Clark,** vice president-personnel and labor relations, L&N, Louisville, elected vice president-operations, SCL.

Kenneth C. Ward, assistant to comptroller, SCL, appointed director-salary administration, Family Lines System, with headquarters as before at Jacksonville.

FRISCO.—**James F. Mohan,** assistant director of industrial development, named director industrial development.

In the Mechanical Department, **H.F. Richardson** named manager apprentice training; **R.L. Coulter,** general superintendent car department; **F.G. Trau,** engineer cars; **T.H. Temple,** director locomotive engineering; **L.M. Allison,** superintendent field locomotive maintenance, east-west; **J.H. Hall,** superintendent field locomotive maintenance, north-south; **J.F. Lynch,** superintendent field car maintenance, north and south; **J.R. Wilson,** superintendent field car maintenance, east and west. All will be headquartered at Springfield, Mo., with the exception of Mr. Lynch, who will be in Memphis, Tenn.

In Frisco's Engineering/Maintenance of Way Department, Springfield, Mo., **B.E. Buterbaugh** named assistant chief engineer-construction and design; **Irvon Planchon,** division engineer; **G.R. Shay,** senior bridge engineer; **N.D. Bryant,** bridge engineer-construction; **G.E. Henry,** bridge engineer-design; **E.F. Paschal,** construction engineer; **D.M. Tate,** industrial projects engineer; **M.F. McCorcle,** engineer land and records; **J.A. Kuhn,** engineer survey and plans; **C.E. Brand,** resident engineer.

GREENWICH & JOHNSONVILLE.—**Charles E. Fisk** appointed superintendent and will have direct supervision of all operational matters.

ILLINOIS CENTRAL GULF.—**Scott B. Harvey,** assistant to the president, also appointed assistant vice president, Executive Department.

Bud Logan, director of intermodal sales, Chicago, appointed national account manager-Midwest sales region, Chicago. Mr. Logan's successor is **John Donnell,** area sales manager, Peoria, Ill.

Paul F. Deady named vice president-communications and computer services. He was formerly director of financial systems, **Eastern Air Lines.**

INTERSTATE COMMERCE COMMISSION.—**Ernest R. Olson** appointed director, Bureau of Economics, replacing **Edward Margolin,** who retired last year.

KENTUCKY & INDIANA TERMINAL.—**Robert L. Adkins** appointed superintendent, Louisville, Ky., succeeding **Leo M. Lawrence,** retired because of physical disability. **Earl M. Mason** named trainmaster, succeeding Mr. Adkins.

MILWAUKEE.—**V. Richard Baruch,** assistant district manager of sales, Green Bay, Wis., named assistant to vice president-traffic, Chicago, succeeding **Donald J. Miller,** appointed district manager of sales, Chicago. **Robert W. Neumann,** southern Minnesota sales representative, Mankato, Minn., named district manager of sales, Green Bay.

Paul S. Patterson, chief statistician, appointed assistant comptroller, Chicago.

William A. Murley, district manager-sales, Omaha, transferred to Sioux City, Iowa, to succeed **Ray A. Kolhoff,** who retired June 1 after more than 49 years' service. **Arthur J. Berry,** assistant regional manager-sales, Chicago, retired recently after 38 years of service.

Robert W. Keenan, district manager-sales, New Orleans, named sales development manager, Chicago.

The Milwaukee has moved the western general offices in Seattle from the White-Henry-Stuart Building to the Skinner Building.

Kenneth W. Snyder, sales representative, Peoria, Ill., appointed district manager of sales, Cedar Rapids, Iowa, to succeed **Glenn J. Edwards,** retired. **Raymond West,** city freight agent, Vancouver, B.C., named district manager of sales, Winnipeg, Man.

MISSOURI-KANSAS-TEXAS.—**Raymond E. Wille,** assistant sales manager, Chicago, promoted to sales manager, St. Louis.

B.R. Musick appointed superintendent, Denison, Tex. **M.L. Janovec** named terminal superintendent, Houston, Tex.

NORFOLK & WESTERN.—**W. James Carter, Jr.,** named manager-pricing and marketing, Roanoke, Va., with responsibility for automotive traffic.

Appointments made: **Joseph Pakush,** assistant secretary-corporate administration; **Jack A. Collyer,** assistant secretary-stockholder records; **Loretta D. Manning,** manager stockholder records; and **Sheila W. Trainor,** assistant to secretary.

Robert J. Harkey, regional manager of sales, St. Louis, named general manager of sales there. **William E. Voltz,** traffic manager, Kansas City office succeeds Mr. Harkey at St. Louis. **Frank A. Betancourt,** assistant regional manager-sales, St. Louis, named regional man-

ager of sales, Houston, Tex.

Ray E. Straub, staff assistant to senior vice president-sales, Roanoke, named regional manager, merchandise sales offices in Virginia, West Virginia, North and South Carolina. Mr. Straub succeeds **Donald W. DeVore,** who retired recently after 33 years of railroad service.

James W. Taylor appointed manager-pricing and marketing, Roanoke, with responsibility for forest products, paper, furniture and scrap. **John D. Sisson** named manager-special rate and route services, Roanoke. **John T. Adams, Jr.,** manager-pricing, retired after more than 34 years with the NW. **Samuel K. Snedegar, Jr.,** manager-special rate and route services, retired after 39 years with the NW.

G.E. Bruce appointed superintendent, Chicago Terminal, succeeding **J.E. Morrison, Jr.,** transferred. **D.R. Crawford, Jr.,** named assistant superintendent, Chicago Terminal Division, succeeding **H.N. Hering,** transferred.

PATAPSCO & BACK RIVERS.—Edwin J. Erikson, vice president and superintendent, **Conemaugh & Black Lick,** Johnstown, Pa., promoted to superintendent of the larger Patapsco & Back Rivers at Sparrows Point, Md.

PENN CENTRAL.—Norman J. Hull, Jr., controller, appointed vice president and controller. **William R. Divine,** formerly vice president-finance and accounting, will remain as a financial advisor.

Bernard M. Reagan appointed director-planning coordination. He was formerly manager-special studies.

Kenneth J. Tomasevich, general superintendent-transportation, Eastern Region, Philadelphia, named general superintendent-transportation, Metropolitan Region, New York, succeeding **Joseph F. Spreng,** appointed assistant general manager, Eastern Region, Philadelphia.

The PC is strengthening its programs for conserving energy and abating water and air pollution by combining the two functions within the research area of the mechanical department. **Frank L. Manganaro,** manager-environmental control, appointed to the new position of director-environmental control and energy conservation and will head the new program. **Thomas P. Pendergast,** supervisor-environmental control, succeeds Mr. Manganaro as manager-environmental control. **William J. Carlin,** supervisor-fire prevention and protection, advanced to manager-fire prevention and protection.

J. Grant Robins, general manager, North eastern Region, New Haven, Conn., appointed general manager, Southern Region, Indianapolis, succeeding **James E. Martin,** who replaces Mr. Robins.

Karl F. Kalsow, division superintendent, Indianapolis, named superintendent-operations, Northern Region, Detroit, succeeding **William D. Murphy,** transferred to the Central Region, Pittsburgh.

Welborn E. Alexander, Jr., assistant vice president-sales and marketing, appointed assistant vice president-reorganization staff.

PITTSBURGH & LAKE ERIE.—Howard G. Pike appointed vice president-assistant to president, Pittsburgh. He has been assistant to president since Dec. 1955.

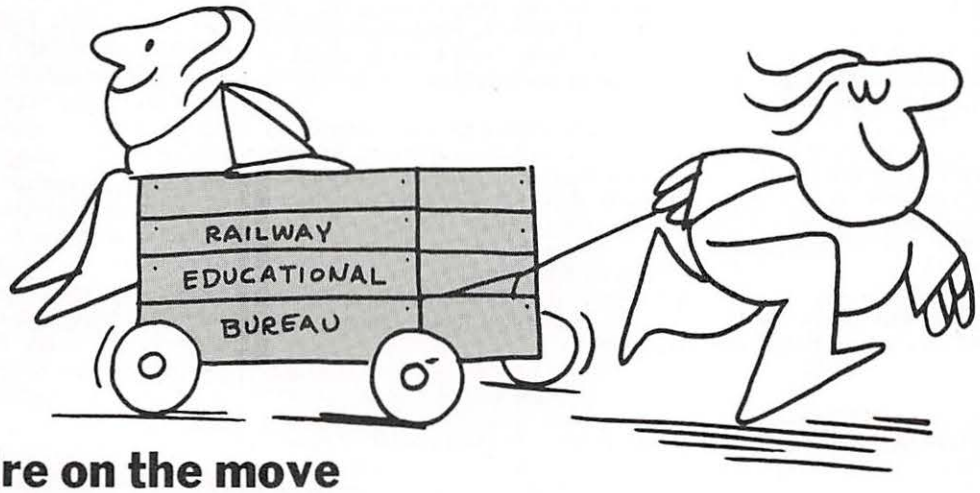
Frank H. McHenry, general superintendent-car and locomotive, named chief mechanical officer. **C. Roy Holley,** general superintendent, named general superintendent-transportation.

READING.—Joseph L. Castle, financial consultant, appointed a co-trustee in bankruptcy, succeeding the late **Richardson Dilworth,** who had been a co-trustee with **Andrew L. Lewis, Jr.,** since the Reading petitioned for reorganization under the Bankruptcy Act Nov. 23, 1971.

ROCK ISLAND.—Kenneth F. Galitz named superintendent communications; **Walter B. Johnson,** superintendent signals, and **Donald L. Johnson,** signal engineer, all with headquarters in Chicago.

Charles V. Adams, assistant director of purchases and stores, appointed director of purchases and stores, Chicago.

In a reorganization of the transportation section of the Rock Island's Operating Department, **W.J. Pasta** named senior assistant general manager. Named assistant general managers are: **B.B. Brenton,** equipment productivity; **Warren C. DeVries,** stations and terminals; **Frank J. Garner;** and **Richard J. Lane,** staff. Messrs. Pasta, DeVries and Garner will have headquarters in Kansas City, Kans., Mr. Brenton in Des Moines, Iowa, and Mr. Lane in Chicago. **Oliver R. Thurston** named director of transportation, Kansas City. Six divisions have been established. **Leroy Williams** named superintendent, Arkansas division, Little Rock, Ark.; **C.F. Haley,** Southern division, El Reno, Okla.; **H.E. Phelps,** Des Moines division, Des Moines; **T.W. Toal,** Northern division, Des Moines; **J. Earl**



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Hare, Missouri-Kansas division, Kansas City; **Douglas C. Weitzman,** Illinois division, Silvis, Ill. Mr. Weitzman's appointment was previously announced (RA, May 27, p. 42).

The Rock Island has created an Intermodal Services department to handle piggyback and container hauling activities. **Howard S. Ownley,** general manager-TOFC sales, appointed general manager-intermodal services. **Fred W. Schickling** named manager-intermodal pricing; **Donald C. Hansen,** manager-intermodal cost administration; **T.A. Gudiness,** intermodal planning assistant; **W.D. Franklin,** manager-domestic intermodal sales; **D.H. Tierney,** manager-foreign commerce sales; **Ron L. Furry,** manager-intermodal operations.

ST. LOUIS SOUTHWESTERN.—Frank M. Grimes, assistant general freight agent, Tyler, Tex., retired June 30, after 47 years with the Cotton Belt. **FR. Gammill, Jr.,** district traffic representative, Louisville, Ky., retired May 31.

SEABOARD COAST LINE—LOUISVILLE & NASHVILLE.—A.M. Daniel appointed vice president-traffic administration, Jacksonville, Fla. Mr. Daniel was formerly assistant vice president.

T.R. Cheney, manager marketing research, appointed director sales training, Jacksonville.

Appointments at Atlanta, Ga.: **C.S. Graham,** sales manager; **C.W. Holaway,** regional sales manager; **W.T. Pridgen,** assistant regional sales manager; **W.F. Farley, Jr.,** division sales manager; **R.M. Tedder,** division service manager; **N.W. Priest,** district freight agent; **A.L. Couey,** assistant district sales manager; **R.L. Waycaster, A.L. Creedle** and **W.H. Ford,** general agents.

R.D. Sanders appointed district sales manager, Albany, Ga.; **E.C. Watts,** assistant district sales manager, Columbus, Ga. and **L.C. Cannada,** division sales manager, Dallas.

At Jacksonville, **C.E. Thomas** appointed director—intermodal services; **J.L. Blair** and **W.E. Sullivan,** assistant directors-intermodal services.

F.A. Reppel, district intermodal representative, New Orleans, La., retired June 1.

R.F. Goodson appointed district sales manager, Kingsport, Tenn., succeeding **K.P. McDonald,** who retired June 30, after nearly 45 years of service.

C.E. Thomas appointed director-intermodal services and **J.L. Blair** and **W.E. Sullivan** named assistant directors-intermodal services, Jacksonville.

SOUTHERN.—Dominick A. Flammia, Jr., former president of **Norfolk Southern,** (which became part of the Southern system on January 1), appointed assistant general manager, industrial development, Southern, Raleigh, N.C.

Robert L. Howard, former general industrial agent of the NS, appointed industrial development manager, Southern.

John P. Duncan, Jr., director of Agri-Business Services, named assistant vice president, Agri-Business Services.

WESTERN PACIFIC.—C.G. Gill appointed assistant director, economics and cost analysis, San Francisco.

Richard W. Stumbo, Jr. elected vice president-finance, San Francisco. Mr. Stumbo was formerly with Allis-Chalmers Corp. and Burlington Northern.

SUPPLIERS

Carl D. Wright, manager of engineering, **Westinghouse Air Brake Division** of WABCO, Pittsburgh, has been promoted to vice president—engineering.

Robert B. Oppenheimer, executive vice president and a director, **North American Car Corp.,** has also been named president, **Railcar Division.**

Charles D. Vogt, senior vice president and general manager, **ISCO Manufacturing Co.,** Kansas City, Mo., has been promoted to executive vice president.

Temple, Barker & Sloane, Inc., management and economic counsel, has merged with **Applied Decision Systems,** it has been announced by **Dr. Paul W. Cherington,** TBS chairman. (Dr. Cherington is also president of the Boston & Maine while on leave from the Harvard Business School, where he is James J. Hill Professor of Transportation.) ADS, which will continue operations as a TBS division, specializes in the management sciences, forecasting and computer models and systems; it is particularly strong in consumer products industries. TBS—particularly strong in the industrial product, energy and transportation sectors—specializes in strategic planning for industry and public sector policy planning. **Dr. Stanley I. Buchin,** ADS president and founder, continues as president of the ADS Division.

Ed Jung appointed sales representative, Western Region, **Standard Railway Equipment Division, Stanray Corp.,** Mr. Jung was formerly with TRW-United Carr Division.

Ellcon-National, Inc., Totowa, N.J., has purchased all rights to manufacture and sell the Ratchet Brake Lever formerly owned by the **Crawford Machine Shop** of Titusville, Pa.

Richard A. Moberg has been named director of administration-passenger, **Pullman-Standard Division** of **Pullman Incorporated. Robert H. Bretz** has been appointed director of purchasing-passenger.

Schaefer Equipment Co., has moved from the Koppers Bldg., Pittsburgh, Pa., to Phoenix Road, Warren, Ohio, 44483—Phone: (216) 372-4006.

John W. Huth has been named assistant vice president marketing administration-freight, **Pullman-Standard division** of **Pullman Incorporated. Fletcher J. Johnson** has been appointed purchasing agent, supplies and capital equipment, to succeed **W.S. Hoveke,** who retired recently after 37 years of service.

Herman C. Haas has been elected a corporate vice president and director of marketing, **AMP Incorporated,** Harrisburg, Pa. Mr. Haas, who was vice president, Telecom Division, succeeds **W.C. Lange** as senior marketing officer. Mr. Lange retired July 1, after 23 years of service with AMP, but will continue in a consulting and advisory capacity.

Arnold L. Wimer, manager-industrial engineering, **Westinghouse Air Brake Division** of

(Continued on page 46)

Reading L&D performance

(Continued from page 22)

shipper for reconditioning. There are no frivolous or get-rich-quick claims paid—and that's a good term, because there are some who try to collect on that kind of claim. I suppose there are some railroad claim departments—especially on railroads making money—where there's a tendency to pay a claim as a matter of customer relations. That doesn't happen on Reading. Our claim department takes the position that if a claim is legitimate, by all means pay it, and pay it quickly. But if it's not legitimate, it's not paid. If you pay on fraudulent claims, you're going to continue to be ripped-off. And if you pay without making an adequate inspection, you're probably going to continue to pay because you won't be able to work out any improvement in loading practices that are probably the real cause of damage."

Hartman also notes that Reading police and agents are alerted to report immediately any defective seals: "When these reports come in, a claim representative goes out to make a complete tally of the cargo during unloading—this to prevent what has been a tendency on the part of certain receivers to use a defective seal as an automatic opening for them to claim a shortage."

As for the improvement in payout totals attributable to train accidents, Hartman credits both Reading's maintenance policies and a close cooperation among operating and mechanical-department and claims personnel at the scene of derailments during clean-up operations: "This cooperation results in maximum protection of merchandise in the derailed cars—such things as transfer of lading to other cars or to trucks, and protection of refrigerated or frozen foods. In some cases on some roads, there's a tendency to just shove aside the derailed cars in the interest of getting the line re-opened as quickly as possible. And the entire lading is often lost."

It's not an easy job. Reading is, after all, in bankruptcy court, and money is not easy to come by. The freight-loss-and-damage prevention effort is, after all, a two-man effort—even though, as Hartman says, there's "an over-all good relationship between departments on this railroad, and between the railroad and shippers and consignee."

Or, as Bob Hartman sums it up, "At meetings, I keep pointing out to our people that we are one of only four railroads with $100-million-plus revenues and a payout ratio of under 1.00. There's Southern and Rio Grande, and Soo Line—and us. And I like the company we're in." ■

75 YEARS AGO IN

(July 21, 1899)

It is many years since the general railway outlook was as bright as it is to-day. In spite of the fact that the comparisons are now made with the favorable times of 1898, earnings are making extraordinary showings, especially on the western and granger roads. The crop prospects, while irregular, are excellent, and there is every ground for expecting a tremendous grain movement this fall. The volume of business in general continues to grow, labor is well employed and in all directions the people are in easier circumstances than has been the case for many years. There will be more money spent in pleasure travel this year than for many summers back, and more money spent in all those comforts and luxuries of life which go to make up a good miscellaneous freight business. The work of construction of new lines is being pushed all over the country, with an activity which the United States has not seen since 1890. Roadbeds are in better condition than they have been since before the panic of 1893, and equipment is being enlarged and improved on a scale that is rapidly making up for the economies of the years of hard times. In every way the railway outlook is almost unprecedentedly bright.

***

The safety of railway travel is interestingly demonstrated by the Chicago Tribune in the following statistics, which accompany illustrations intended to picture the four causes of death referred to:

Railroad passengers killed in 1898 . 47
Lives lost by lightning,
January 1 to July 1, 1899 127
Lives lost in inland waters,
January 1 to July 1, 1899 127
Lives lost in celebrating
the Fourth, 1899 144

The artist had oddly illustrated his text, "Railroad Passengers Killed," by showing a man with a bag walking the ties in front of an approaching passenger train, but the Tribune's article puts it that "during the whole year 1898 only 47 persons were killed who were at the time actually passengers on railroad trains in the United States." The chance of being struck by lightning are commonly considered inappreciable, and yet, reduced to a year's average, they seem to be about 2½ times as great as the chance of being killed on a railway train. As for the deadly Fourth of July, that one day appears to cause three times as many deaths as a whole year of railway travel. The glorious Fourth appears to need regulating more than the railways.

***

The opening of an electric railway in Seoul, the capital of Corea, on the first instant caused great excitement throughout the country, many Coreans coming from a distance to be present on the occasion.

It was difficult to ascertain what were the expectations of the people, as they imagined all sorts of things, but it seemed that the majority expected the overhead trolley wire would pull the cars along. One very gratifying feature, however, was the entire absence of all superstition, forming a marked contrast to the fears of the Chinese a few years back when railways were first introduced in that country.

The fares vary, according to distance, from 2 to 15 cents. This creates surprise, because the people cannot understand why it costs less to ride so rapidly in a beautiful carriage than in a sedan chair, which can only be carried by coolies.

All the details of arranging the safe opening and accompanying celebrations were under the care of Mr. H.R. Bostwick of San Francisco—a task involving much anxiety, when the fact is remembered that the Coreans knew nothing of railways or of electricity, and that in Cairo, Egypt, about 60 people were killed during the first week of the street cars in that city. He well earned the comment of a Corean coolie who, when the cars were being finally turned in, shouted, "Me Kook Sa Ram Mar-ni Chosse," which being interpreted, says, "The Americans, they are all right."

Should there be more short trains?

(Continued from page 38)

of the best profit-oriented marketing and operating strategies."

Development of such a methodology, the study notes, "can go a long way toward resolving differences between traffic and operating departments and clear the way for a marketing program that will capitalize on the inherent economics of a given marketing and economic environment." Specifically, the study cities five factors on which "economic, variable-cost relationships—however intangible—should be developed":

—Train operating costs, including train labor, other crew-related expenses, fuel, equipment capital (utilization or turnaround), maintenance and repairs, dispatching.

—Yard operating costs. Train size "impacts yard costs, including expenses for switching, equipment capital, yard capacity requirements, overtime, congestion, interchange services and so forth."

—Maintenance-of-way. Shorter trains "may be operated at lower speeds to maintain a given schedule because fewer and shorter delays are encountered per train. Reduced speeds may lower maintenance standards or reduce costs for a set standard. On the other hand, shorter trains mean more trains, which may reduce on-track time for m/w gangs."

—Derailment, accident and loss-and-damage costs. These expenses, "although a relatively minor portion of total operating expenses, are vital to the extent that their relationship to train operations can greatly affect optimum strategies."

—Revenue. Generally, "shorter trains improve service, speed and reliability. This will attract additional traffic and possibly permit the premium-pricing of certain traffic, all with favorable economic connotations. A methodology should include the economic impact that would be achieved from predicted changes in service, speed and, most important, reliability. In economic terms, it is an elastic three-dimensional relationship."

Of course, Leilich notes, "the methodology must be sensitive to peculiar commodity and traffic requirements of a railroad—establishing one level of service for all situations is not a solution. The optimum strategy is to provide varying levels of service, defined by the economic relationships inherent in each service as well as the relationship of each service with other services." ■

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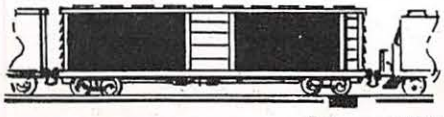
Scale is mounted directly on concrete slab because of new revolutionary load cell technology. Accuracy not affected by shock loads. Calculates net weight and prints bill of lading at remote locations. Two-draft and single-draft static scales also available.



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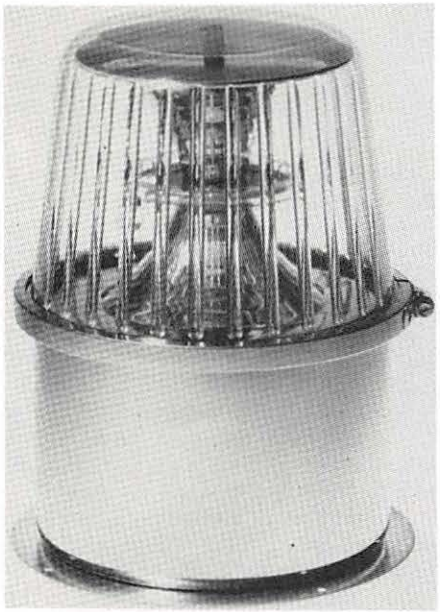
Dallas, Texas 75235

Circle 14 on Reader Service Card

New Products Report



Safety warning lights don't rotate—they flash

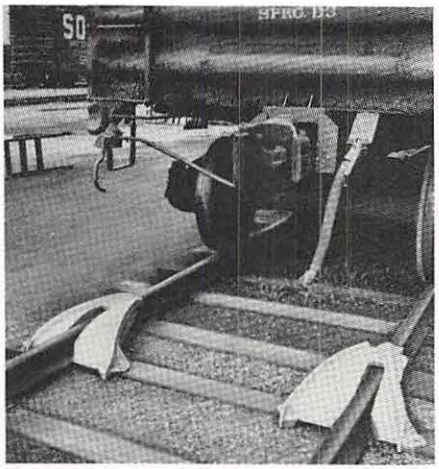
The Reflectolite safety warning light, equipped with a Xenon flash lamp, provides uniform lighting from top to bottom of the dome, with 360-deg circular simultaneous visibility from 35 deg above to 35 deg below horizontal. Integral light-spreader flutes in the dome are optically engineered to cause the entire dome to be lighted. Minimum life of the lamp is 5,000 hours; circuitry is solid-state, and there is no rotating mechanism. A somewhat higher initial cost, according to Unity Railway Supply, is more than offset by lower lamp-replacement costs, lower repair and maintenance costs and fuel savings (based on the unit's battery draw of about 3 amp). The safety lights are available in four models, ranging up to 11 inches in height and 7-¾ inches in body diameter.

Circle 60 on reader service card

Air Brace system modifies box cars for palletized loading

The Equipco Air Brace system provides an effective low-cost method for modifying existing or new box cars for palletized or unit loading. Unarco Industries' Equipco Division has incorporated bulkhead design with inflatable air bags for its Air Brace system. "Our system can be easily installed in any non-insulated or insulated box cars," says Roy Bertram, Equipco vice president of engineering. Air Brace compacts the load to protect against damage in transit and to keep pallets aligned for faster unloading at destination. The system, when used with relatively uniform loads, reduces the need for sidewall fillers. Air Brace can handle any load, regardless of size.

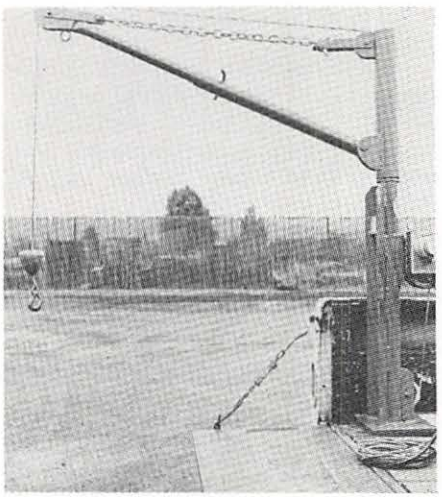
Circle 61 on reader service card



Car-replacer designed for use on heavier rail

A new model of the Aldon bat-wing, straddle-type car-replacer is designed for use on 90-to-140-pound rail. Though made of steel castings, the units are engineered to be lightweight, to prevent flange-cutting and to retain strength and surface hardness in heavy-duty use.

Circle 62 on reader service card



Truck-mounted crane operates electrically or manually

A 73 EM truck-mounted crane with a 500-lb single line lifting capacity is the most recent addition to Pacific Hoist's product line. The manufacturer's suggested price is $375. The crane may be operated electrically off a truck's 12-volt system with minimal amperage draw. A hand crank is included for manual operation. The winch has 30 feet of 3/16-in. aircraft cable. Four locking positions allow boom extension up to five feet. The boom, fully adjustable horizontally and vertically, rotates 360 deg. The crane can be installed in minutes, with all necessary mounting equipment included. Its shipping weight is 185 lb.

Circle 63 on reader service card

Two-component lift has work platform on motorized base

A multi-purpose lift manufactured by Ballymore Co. features a two-component design of a motorized base unit and a removable scissors' lift top unit. The lift, designed to serve special access problems, is propelled horizontally along standard railroad tracks by an electric motor drive. Vertical lifting of the hydraulically-powered top section—to an over-all height of 20 ft—is accomplished by a separate electric motor drive. Platform-located controls give the user a choice of forward, reverse, lifting and lowering. Self-braking occurs when operating buttons are released.

The base unit is designed for use on railroad tracks. It is equipped with rail wheels and 8-in. casters. The casters provide ready mobility when moving the base section to different locations. For positioning the base unit on tracks, crane-type pick-up rings are welded to the four corners of the unit. When track mounted, the casters—on hinged steel supports on two sides—fold into the base for storage.

Circle 64 on reader service card

NEW LITERATURE

BOX CARS. Pullman-Standard has issued a brochure describing its new family of box cars. Elements of the design and engineering that were involved are graphically explained in photographs and drawings. The inside of the brochure contains a nomenclature drawing of general purpose box cars that names more than 100 parts. The drawing is available separately, either folded or flat for display.

Circle 70 on reader service card

TIE DISPOSAL. A free information kit offering various solutions to the problem of disposing of used railroad crossties has been issued by Jacksonville Blow Pipe Co.

Circle 71 on reader service card

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended July 13 totaled 503,982 cars, according to the Association of American Railroads. This was an increase of 82,722 cars, or 19.6%, compared with the previous week, and a decrease of 17,775 cars, or 3.4%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended July 13 are estimated at 15.7 billion, an increase of 0.9% above the corresponding week of 1973.

REVENUE FREIGHT CARLOADINGS

	July 13 week	July 6 week	June 29 week
Grain	30,254	28,852	33,415
Farm products	7,203	6,997	7,512
Metallic ores	49,335	48,419	51,335
Coal	91,060	48,712	65,771
Crushed stone, gravel & sand	28,903	24,988	29,432
Nonmetallic minerals	16,236	15,199	17,726
Grain mill products	18,054	16,148	19,813
Food and kindred products	21,052	19,225	22,966
Primary forest products	23,803	17,349	25,183
Lumber & wood products (except furniture)	12,618	10,156	15,805
Pulp, paper & allied products	20,340	19,918	24,158
Chemicals & allied products	26,849	23,770	26,536
Petroleum products	9,001	7,517	8,485
Stone, clay & glass products	21,389	18,992	23,007
Coke	8,325	8,287	8,312
Metals & products	24,778	23,422	28,791
Motor vehicles & equipment	18,464	17,594	23,044
Waste & scrap materials	16,401	13,540	17,551
Forwarder & shipper assn. traffic	8,766	8,723	11,398
All other carloads	50,650	47,480	61,763
LCL traffic	501	396	482
Total cars loaded	**503,982**	**425,684**	**522,485**

Cumulative total, 28 weeks	1974	1973
	14,509,239	**14,483,803**
Estimated revenue ton-miles (billions) 28 weeks	467.2	450.2

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended July 6 (which included the July 4 holiday) totaled 25,055 cars (1.3% below the corresponding week last year) and 42,030 trailers or containers (down 5.9% from 1973). Cumulative volume for the first 27 weeks of 1974 is 829,228 cars (up 6.2% from last year) and 1,431,403 trailers or containers (up 6.2% from 1974).

IN CANADA

Canadian railway revenue freight loaded in the 7-day period ended July 7 totaled 4.8 million tons, down 1.6% from 1973. Cumulative loadings totaled 121.2 million tons, down 1% from 1973. Cars loaded in the July 7 week totaled 77,785, down 2.7% from 1973.

● *Brazil.*—Companhia Vale do Rio Doce has awarded a contract to International Engineering Co., San Francisco, to study the feasibility of electrifying the company's 350-mile iron-ore railroad.

● *Cameroon.*—Proceeds of a $16-million World Bank loan will be invested in rolling stock, track and telecommunications improvements on the Douala-Yaounde railway line.

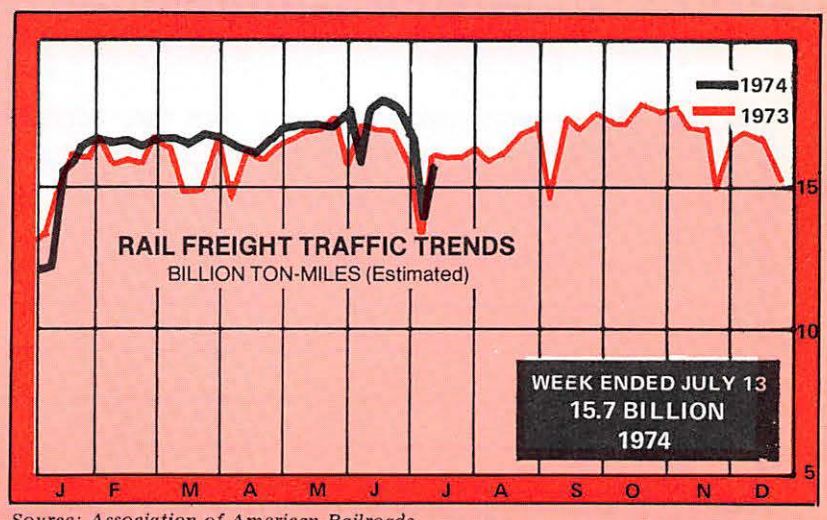
● *CP Rail.*—Placed orders for 600 new flatcars valued at $15.6 million. Marine Industries will supply 300 54-ft, 4-in. single hitch trailer flatcars at a cost of $7.3 million, and 100 65-ft, 100-ton standard flatcars costing $2.8 million. Hawker Siddeley Canada will build 200 81-ft, 100-ton container flatcars at a cost of $5.5 million.

● *General Electric.*—Received final confirmation for a $64-million follow-on order for 100 Cosmopolitan cars from the Connecticut Department of Transportation. The cars, first of which will be delivered in the spring of 1975, are for commuter service on Penn Central's New Haven line. The new cars will be identical with 144 Cosmopolitans purchased earlier for the same service. Ninety-seven cars built in 1954 will be retired when delivery of the new order has been completed.

● *GO Transit.*— Ordered 30 commuter coaches from Hawker Siddeley Canada at a cost of $7.3 million. This Government of Ontario agency, which operates suburban services out of Toronto, already has 93 Hawker Siddeley coaches, including nine self-propelled units, in service. Delivery of the new equipment is to start in October 1975 and be completed in March 1976.

● *Santa Fe.*— Ordered 1,000 100-ton covered hopper cars, 600 from Pullman-Standard and 400 from ACF, at a total cost of more than $20 million. Completion of deliveries in first-half 1975 will boost Santa Fe's covered-hopper ownership to nearly 17,000 units, including about 13,000 100-ton cars.

● *Trailer Train.*—Ordered 506 60-ft flat cars from Thrall Car. TTX has ordered 4,321 new cars since Jan. 1. As of July 9, TTX cars in service and on order totaled 74,766.



Source: Association of American Railroads

(Continued from page 42)

WABCO, Pittsburgh, has been appointed manager-Union Relations.

Paul F. Scheckel has been appointed sales engineer, Central Midwest Area, **Lynch Communication Systems Inc.,** Kansas City, Mo.

D.L. Munro has been appointed sales representative and **R.L. Cotterell,** service engineer, **Cardwell Westinghouse Co.,** Chicago.

Richard S. Rothermel has been appointed senior sales engineer, **GTE Lenkurt, Inc.,** Falls Church, Va.

D.A. McConnell has been appointed account representative, **Uniswitch Division of WABCO** at Vancouver, B.C. Previously, he was signal construction supervisor, **Canadian Pacific.**

JL Industries, Inc., has been appointed the exclusive U.S. representative for **MLW Industries** of Montreal, Que., Canada, for transportation products. **James L. Layton** is president of the new company with offices at 2200 Carlson Drive, Northbrook, Ill. JL Industries is an associate member, American Shortline Railroad Assn.

Mary C. Bolin has been elected president and treasurer, **Bartlett Lifting Devices, Inc.,** the successor to **Bartlett Trailer Corp. Elaine C. Pedecone** has been elected secretary and vice president. **Percy H. Bartlett,** founder and president of Bartlett Trailer, has become chairman of the board of the new company.

Steven Z. Serepca appointed director of marketing and **Thomas J. Kunz,** named director of operations, **CTI-Container Transport International, Inc.,** White Plains, N.Y.

John F. Duncan has joined **The First Boston Corp.** as vice president in charge of the lease finance group. He was previously responsible for leasing and industrial loans, **General Electric Credit Corp.**

Richard C. Harris has been a elected president, **True Temper Corp.,** succeeding **Ray T. Gutz,** who will continue as a consultant until his retirement Aug. 31.

Neil R. Strong has been named sales service coordinator, Agricultural Division, **CIBA-GEIGY Corp.** He will be responsible for sales coordination in the Great Plains and West Central areas, as well as railroad customers.

The **Okonite Co.** has appointed the following district sales representatives: **Norman C. Averill, Jr.,** New York; **Peter H. Rast,** San Francisco; **Frederick D. Green,** Washington, D.C. District managers named: **Robert A. Buente,** Salt Lake City; and **John F. Coyle,** San Francisco.

Charles E. Webb, Jr has been appointed manager-Cincinnati district, succeeding **Thomas J. Manning,** who retired May 1, after 27 years with Okonite.

On June 1, Okonite's St. Louis sales office moved to Le Chateau Village–Suite 309, 10411 Clayton Road, Frontenac, Mo. 63131. **Leonard T. Nystrom** is district manager and **Joseph R. Artime,** sales representative there.

Okonite's Philadelphia sales office has moved to 100 South Kings Highway, Cherry Hill, N.J. 08034. **William J. Patterson** is district manager; **Mark J. Brill** and **George R. Reeves** are sales representatives there.

George York has been named sales engineer, **Howard-Cooper Corp.,** in the Orlando, Fla., area. He will work out of the new Atlanta, Ga., office, 1595 Koppers Road. **Bud Chase** continues as southern regional manager and **Don Frame** as sales manager.

John M. O'Connor and **James L. Meininger** have been appointed COBRA shoe sales representatives, Midwestern and Southwestern sales regions, **Westinghouse Air Brake Division of WABCO,** at Chicago and St. Louis, respectively.

Eldon D. Trueman has been named market manager, Reinforcement Products, Transportation Division, **Owens-Corning Fiberglas Corp.,** Toledo, Ohio.

OBITUARY

A. Mosby Harris, 66, who retired in March 1970 as assistant vice president-transportation, **Penn Central,** died July 3 in Bryn Mawr Hospital after a protracted illness.

Edgar L. Kamerer, 59, sales engineer, **Greenville Steel Car Co.,** Pa., died June 27 in Greenville Hospital, after a three-year illness.

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First Quarter Figures of Calendar Year 1974

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

REVENUES AND EXPENSES OF RAILWAYS

Name of Road	Operating Expenses: Freight	Other	Total 1974	Total 1973	Maint. of Roadway and Structures: Total 1974	Total 1973	Deprec. and Retirements	Maint. of Equipment: Total 1974	Total 1973	Deprec. and Retirements	Traffic	Transportation	Total 1974	Total 1973	Operating ratio 1974	Operating ratio 1973	Railway tax accruals	Net Railway operating income 1974	Net Railway operating income 1973	New income 1974	New income 1973
Akron, Canton & Youngstown .3 mos.	1,928	103	2,031	2,105	282	246	29	355	345	120	75	924	1,799	1,747	88.5	83.0	370	406	344	300	262
Amtrak .3 mos.	—	61,416	61,416	44,013	2,011	1,345	96	21,958	13,786	1,819	7,555	42,752	99,796	72,990	162.5	165.8	10,774	(50,692)	(36,282)	(53,386)	(36,205)
Ann Arbor .3 mos.	1,912	137	2,049	2,683	632	479	24	526	589	145	53	1,125	2,520	2,586	123.0	96.4	264	(1,036	(385)	(1,297)	(599)
Atchison, Topeka & Santa Fe .3 mos.	240,588	11,859	252,447	219,870	34,079	27,315	3,171	48,811	43,899	11,535	5,892	105,592	209,342	176,823	82.93	80.4	25,532	13,782	18,142	13,917	17,338
Atlanta & West Point .3 mos.	1,793	83	1,875	1,284	191	167	28	219	190	70	68	718	1,309	1,002	69.8	78.0	193	98	79	88	104
Auto Train .3 mos.	—	6,632	6,632	3,922	487	286	33	745	625	82	515	1,886	4,774	3,134	72.0	79.91	404	977	252	829	162
Baltimore & Ohio .3 mos.	140,027	5,068	145,095	128,898	16,140	15,045	1,699	20,874	17,934	2,873	2,823	57,170	105,507	94,388	72.7	73.2	12,774	8,677	9,067	5,730	10,749
Bangor & Aroostook .3 mos.	3,966	164	4,130	3,804	1,145	980	73	1,366	1,279	448	83	1,458	4,322	3,962	104.6	104.2	525	593	756	340	420
Bessemer & Lake Erie .3 mos.	11,758	769	12,528	9,500	1,381	1,270	146	2,148	2,274	456	202	3,374	8,235	7,743	65.7	81.5	2,462	2,040	795	2,425	923
Boston & Maine .3 mos.	18,168	4,175	22,344	20,856	3,657	3,714	432	3,866	3,388	609	403	10,660	19,785	18,646	88.5	89.4	2,212	(2,013)	(1,697)	(2,591)	(2,682)
Burlington Northern .3 mos.	283,609	13,183	296,793	258,914	38,471	34,304	4,253	47,206	44,166	11,162	6,537	121,106	229,870	210,129	77.5	81.2	36,196	24,553	15,209	27,095	11,884
CPR Lines in Maine .3 mos.	2,612	65	2,677	2,728	395	393	70	569	491	47	60	1,108	2,317	2,034	86.6	74.6	135	(262)	160	—	—
Central RR of New Jersey .3 mos.	6,823	4,617	11,440	10,753	1,403	1,014	196	2,085	1,496	215	168	6,300	10,856	8,756	94.9	81.4	1,298	(2,472)	(427)	(2,891)	(834)
Central Vermont .3 mos.	2,537	112	2,649	2,540	635	544	89	185	288	15	37	1,202	2,272	2,151	85.8	84.6	293	513	435	354	286
Chesapeake & Ohio .3 mos.	114,574	5,024	119,598	112,073	13,691	12,574	1,548	22,978	21,398	6,088	2,509	48,701	95,999	90,064	80.3	80.4	11,539	7,853	7,780	5,494	6,069
Chicago & Eastern Illinois .3 mos.	12,451	204	12,656	10,644	1,698	1,890	35	1,749	1,684	640	269	4,669	8,857	7,621	70.0	71.6	1,338	2,444	1,239	1,943	1,007
Chicago & North Western .3 mos.	102,021	12,322	114,343	100,580	11,885	9,517	92	18,124	15,093	3,382	2,549	51,373	89,785	74,557	78.5	74.1	10,537	4,687	10,132	2,980	7,348
Chicago, Milwaukee, St. Paul & Pacific .3 mos.	83,683	7,256	90,939	86,193	10,376	10,207	1,659	12,907	12,407	2,529	2,510	38,924	71,497	67,462	78.6	78.3	9,375	1,105	2,948	634	2,248
Chicago, Rock Island & Pacific .3 mos.	80,414	5,311	85,725	81,344	10,690	10,240	867	15,848	13,812	1,613	2,166	40,756	73,599	65,277	85.9	80.2	7,985	(9,360)	(3,311)	(9,446)	(3,254)
Clinchfield .3 mos.	12,191	231	12,422	9,518	1,265	968	87	2,056	1,603	634	280	3,419	7,307	5,968	58.82	62.7	1,184	3,653	2,287	—	—
Colorado & Southern .3 mos.	8,448	237	8,686	7,679	1,195	759	91	1,159	1,531	467	22	3,423	6,251	5,848	72.0	76.2	406	1,790	650	1,496	346
Delaware & Hudson .3 mos.	11,659	393	12,052	11,332	1,241	1,153	76	2,716	2,240	391	356	4,734	9,872	8,609	81.9	76.0	1,581	126	734	127	506
Denver & Rio Grande Western .3 mos.	29,585	692	30,277	28,201	3,672	3,606	927	5,479	4,675	1,646	1,100	11,028	22,875	20,302	75.6	72.0	4,253	3,454	4,032	2,994	3,887
Detroit & Toledo Shore Line .3 mos.	2,133	137	2,270	2,205	362	253	43	375	363	109	78	763	1,732	1,540	76.3	69.8	327	67	170	83	157
Detroit, Toledo & Ironton .3 mos.	11,033	1,043	12,075	12,019	1,196	1,240	103	2,070	2,102	404	305	4,769	9,155	8,882	75.8	73.9	1,151	324	1,079	29	969
Duluth, Missabe & Iron Range .3 mos.	8,588	220	8,808	7,068	2,170	1,685	289	2,406	2,001	581	77	3,452	9,524	7,793	108.1	110.3	1,124	(820)	(715)	(368)	(472)
Duluth, Winnipeg & Pacific .3 mos.	4,052	31	4,083	4,068	372	291	20	416	398	2	—	1,381	2,312	2,111	56.63	51.6	1,324	1,677	1,617	1,585	1,477
Elgin, Joliet & Eastern .3 mos.	16,039	9,790	25,829	21,734	1,562	1,679	130	3,308	2,841	511	274	8,910	16,469	14,856	63.8	68.4	5,179	2,729	1,730	3,364	2,113
Erie Lackawanna .3 mos.	64,906	9,231	74,137	70,380	6,898	6,842	764	12,653	12,207	1,885	1,461	36,792	61,444	57,071	82.9	81.1	7,835	(2,591)	(206)	(4,699)	(2,564)
Florida East Coast .3 mos.	12,290	520	12,810	12,074	2,690	2,680	214	1,246	937	332	263	2,914	7,655	6,816	59.8	56.5	2,255	1,272	2,156	1,678	2,213
Fort Worth & Denver .3 mos.	9,548	535	10,083	8,359	1,553	833	68	1,278	720	101	75	6,022	9,447	5,938	93.7	71.0	715	(1,991)	325	(2,031)	269
Georgia .3 mos.	2,952	134	3,086	2,496	450	370	60	496	430	115	112	1,427	2,645	2,191	85.7	87.8	283	(226)	(195)	—	—

First Quarter Figures of Calendar Year 1974

(Dollar figures are stated in thousands: i.e., with last three digits omitted)

Name of Road		Operating Expenses: Freight	Other	Total 1974	Total 1973	Maint. of Roadway and Structures: Total 1974	Total 1973	Deprec. and Retirements	Maint. of Equipment: Total 1974	Total 1973	Deprec. and Retirements	Traffic	Transportation	Total 1974	Total 1973	Operating ratio 1974	Operating ratio 1973	Railway tax accruals	Net Railway operating income 1974	Net Railway operating income 1973	New income 1974	New income 1973
Grand Trunk Western	3 mos.	25,030	1,387	26,417	27,668	3,323	3,570	257	3,721	3,554	134	504	12,940	22,445	21,903	85.0	79.2	3,145	(3,175)	(752)	(3,305)	(1,131)
Green Bay & Western	3 mos.	2,163	120	2,283	2,060	279	283	23	297	247	56	151	816	1,728	1,593	75.71	77.36	248	116	73	136	86
Illinois Central Gulf	3 mos.	125,823	11,568	137,391	126,857	19,615	17,282	1,549	22,528	19,929	4,489	2,890	57,532	110,551	95,421	80.5	75.2	12,599	2,335	12,237	1,313	9,395
Illinois Terminal	3 mos.	3,374	609	3,983	3,764	352	385	17	720	501	196	123	1,852	3,325	2,626	83.5	69.8	364	723	823	416	622
Kansas City Southern	3 mos.	29,280	2,259	31,539	29,416	4,281	3,464	255	6,077	4,408	1,280	1,017	12,437	25,180	21,301	79.8	72.4	1,936	133	2,184	(1,189)	1,021
Lake Superior & Ishpeming	3 mos.	196	430	625	532	339	246	88	479	341	191	8	439	1,405	1,042	224.5	195.8	196	(840)	(532)	(910)	(572)
Lehigh Valley	3 mos.	15,414	459	15,873	14,281	2,047	1,971	251	3,070	2,959	384	448	7,400	14,107	13,167	88.9	92.2	1,690	(2,565)	(2,849)	(2,797)	(3,384)
Long Island	3 mos.	2,424	23,825	26,249	17,501	6,705	4,095	537	8,944	6,465	1,294	200	21,194	42,875	29,986	163.3	171.3	3,435	(21,880)	(16,102)	(22,404)	(13,621)
Louisville & Nashville	3 mos.	135,097	4,156	139,253	118,271	17,741	16,407	1,509	25,254	21,910	7,624	2,552	55,948	107,909	92,637	77.5	78.3	13,874	10,541	8,235	7,856	4,403
Maine Central	3 mos.	8,264	202	8,466	7,718	1,632	1,503	93	1,821	1,545	318	137	2,976	7,085	6,452	83.7	83.6	904	990	819	870	529
Minneapolis, Northfield & Southern	3 mos.	1,091	107	1,198	1,423	118	164	15	187	164	54	140	378	978	1,019	81.6	71.6	186	8	98	46	117
Missouri-Illinois	3 mos.	2,000	99	2,099	1,904	235	194	9	726	742	431	60	519	1,641	1,493	78.2	78.4	640	1,200	1,019	965	782
Missouri-Kansas-Texas	3 mos.	22,475	1,470	23,945	21,986	2,823	2,470	264	3,077	2,830	334	997	9,719	17,666	15,777	73.8	71.8	2,109	(359)	280	(744)	(4,754)
Missouri Pacific	3 mos.	143,501	6,793	150,294	122,974	20,120	16,571	1,304	22,521	20,404	4,359	2,806	56,479	107,437	92,017	71.5	74.8	13,211	13,511	10,095	9,089	4,839
Monongahela	3 mos.	2,533	15	2,548	1,669	411	455	48	240	255	20	4	530	1,242	1,259	48.8	75.5	258	881	158	596	(402)
Norfolk & Western	3 mos.	217,733	8,157	225,890	207,286	22,985	21,330	3,068	39,437	38,048	13,220	4,507	84,193	161,817	148,880	71.6	71.8	25,916	30,503	30,691	35,973	21,726
Northwestern Pacific	3 mos.	3,023	18	3,041	3,176	1,334	997	63	369	283	3	12	1,121	2,957	2,464	97.2	77.6	375	(1,081)	(98)	5,640	(56)
Oregon Electric	3 mos.	1,492	132	1,624	1,461	231	186	2	46	47	—	9	734	1,082	1,034	66.6	70.8	190	(59)	(89)	15	11
Oregon Trunk	3 mos.	1,873	23	1,896	1,323	310	359	20	607	15	—	7	737	1,712	1,219	91.3	92.2	181	(233)	(173)	(226)	(164)
Penn Central	3 mos.	449,584	75,597	525,182	474,284	65,124	57,949	8,151	90,031	81,944	13,408	5,351	256,568	441,106	396,694	84.0	83.6	52,534	(42,407)	(31,346)	68,268)	(55,249)
Penn-Reading Seashore Line	3 mos.	2,359	391	2,751	2,577	666	650	—	332	352	27	16	1,935	3,091	2,882	112.4	111.9	332	(1,255)	(1,096)	(1,396)	(1,250)
Pittsburgh & Lake Erie	3 mos.	9,983	1,294	11,278	9,651	1,675	1,426	170	4,748	4,332	1,581	207	4,741	12,185	10,807	108.0	112.0	2,310	2,321	2,294	2,168	2,167
Reading	3 mos.	27,298	7,283	34,581	29,491	4,913	4,345	507	5,997	5,976	1,130	727	15,929	29,625	27,221	85.7	92.3	4,129	(2,666)	(3,668)	(3,703)	(4,662)
Richmond Fredericksburg & Potomac	3 mos.	7,319	799	8,118	6,875	732	552	120	913	909	290	132	2,044	4,370	3,808	53.8	55.4	2,129	1,335	1,506	1,779	1,759
St. Louis-San Francisco	3 mos.	64,377	3,647	68,024	62,389	8,886	9,185	662	9,278	9,803	2,521	2,089	27,716	51,117	48,487	75.1	77.7	6,458	5,006	4,531	2,543	1,891
St. Louis Southwestern	3 mos.	42,959	493	43,452	40,321	4,677	4,166	296	10,187	9,135	3,834	1,000	16,311	33,216	29,409	76.4	73.0	4,921	11,717	9,797	11,626	9,878
Seaboard Coast Line	3 mos.	161,055	6,317	167,372	152,884	21,674	22,482	1,681	29,483	27,742	7,038	3,266	64,319	124,627	115,625	74.5	75.6	15,404	13,734	9,873	12,420	12,017
Soo Line	3 mos.	44,521	1,061	45,582	40,919	5,049	4,662	367	5,918	4,766	1,161	963	15,572	29,138	25,686	63.9	62.8	7,180	5,579	6,621	5,468	9
Southern	3 mos.	202,487	9,378	211,864	190,056	35,326	30,936	4,031	33,661	31,628	10,569	3,749	65,847	148,966	132,992	70.3	70.0	30,624	27,819	24,431	19,507	18,310
Southern Pacific	3 mos.	296,623	9,738	306,361	277,825	42,036	36,587	3,108	55,597	52,864	15,333	4,913	124,433	244,827	221,900	79.9	79.9	31,243	8,538	13,717	7,450	9,590
Spokane International	3 mos.	1,839	33	1,872	1,807	181	206	14	29	17	2	6	499	747	614	39.9	34.0	593	411	571	412	570
Texas & Pacific	3 mos.	34,368	1,115	35,483	30,239	4,705	3,832	393	5,552	5,395	1,470	1,129	15,358	27,989	23,846	78.9	78.9	2,997	3,873	3,119	3,438	2,655
Texas Mexican	3 mos.	2,134	401	2,535	1,665	371	377	20	160	160	47	98	699	1,476	1,307	58.2	78.5	501	242	(13)	315	40
Toledo, Peoria & Western	3 mos.	3,261	229	3,490	2,963	455	328	18	309	297	68	244	1,252	2,508	2,215	71.9	74.8	364	201	157	183	145
Union Pacific	3 mos.	223,265	7,343	230,608	203,758	30,125	26,061	2,312	41,216	37,257	14,486	5,309	87,682	176,112	152,159	76.4	74.7	26,813	31,551	33,327	26,235	26,821
Western Maryland	3 mos.	15,850	1,092	16,942	12,913	1,548	1,897	200	2,519	2,730	811	427	6,246	11,606	11,192	68.5	86.7	2,520	2,595	800	2,096	(36)
Western Pacific	3 mos.	21,862	504	22,365	21,343	2,985	2,993	361	3,694	3,578	819	951	9,695	19,165	17,830	85.7	83.5	2,172	546	918	537	644
Western Railway of Alabama	3 mos.	2,028	26	2,055	1,341	228	158	38	260	205	65	70	848	1,506	1,077	73.3	80.5	231	62	32	65	26

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Viewpoint

A shipper talks tough —for the railroads

Of course, no one man can speak for all of transportation customerdom. But if such could be, and if nominations were being taken, surely high on the list would be the name of James V. Springrose—vice president-transportation of Cargill, the shipper-father of Rent-A-Train, and a man who is not afraid to make sense bluntly and provocatively. He's a shipper—saying things like these:

—There's nothing wrong with Penn Central "that wouldn't be cured by increased earnings. PC should say, 'You claim you need me. Fine. I'm willing to serve, but I can't unless you pay more—say 15% across the board for mainline service, 20% across the board for branchline termination service and 25% across the board for branchline origination service. I'll rationalize my pricing structure after I have recovered sufficient strength to do so.' Such an action would quickly determine who needs what."

—Railroads should take their story "to the major industrial heads of the entire nation. . . .Tell these corporate chiefs that you are not pawns on the chessboard of commerce, that you are not expendable just to protect their empire. If individual corporate heads are unsympathetic and say they don't need you, OK. The next time that traffic manager calls for service, tell him his boss has a better way and suggest he go upstairs to solve his problem. I think, however, that corporate heads will refrain from saying they don't need you very often. . . .Most corporate heads will tell you that they need you as much as you need them."

—Railroads can benefit from energy and environmental concerns, but the national attention and awareness in these areas "only represent an opportunity. The industry must now respond. That it can is self-evident. That it will remains to be seen."

—For an improved rail service, "cost and rate increases should not be so disturbing to the shipping community—though, sadly, some are disturbed because of short-range corporate objectives. When one considers that shippers have been paying a premium for service from the trucking industry for years, it's difficult to imagine they would not be willing to pay the same premium to railroads for comparable service. I suspect most shippers would pay such a premium—if they were not confronted with service deficiencies. But equipment shortages, yard congestion and self-imposed slow-orders all suggest that the premium price isn't worth the service rendered."

"WE CANNOT AFFORD THE FAT. . . ."

Naturally, the most direct concern of Jim Springrose with railroads lies in the relationship between railroads and agriculture—but his observations on that relationship can stretch: "Where do railroads fit? Where they have always fit—as the vital arteries of commerce without which this nation would die. Agriculture needs railroads now more than ever—but we need them lean and strong and healthy. We cannot afford the fat sucking away their energies—be that fat represented by excess in regulation, excess in management or excess in public demand which does not pay its way."

And what would Springrose like to see? Among other things, a bold railroad industry—one that seizes opportunities instead of letting them slip by, one that can shake off inhibitions and fight to regain its health.

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